



House of Representatives

File No. 713

General Assembly

February Session, 2014

(Reprint of File No. 363)

Substitute House Bill No. 5353
As Amended by House Amendment
Schedule "A"

Approved by the Legislative Commissioner
April 30, 2014

**AN ACT CONCERNING MORTGAGE SERVICERS, CONNECTICUT
FINANCIAL INSTITUTIONS, CONSUMER CREDIT LICENSES, THE
FORECLOSURE MEDIATION PROGRAM, MINOR REVISIONS TO THE
BANKING STATUTES, THE MODERNIZATION OF CORPORATION
LAW AND REVERSE MORTGAGE TRANSACTIONS.**

Be it enacted by the Senate and House of Representatives in General
Assembly convened:

1 Section 1. Section 36a-715 of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective October 1, 2014*):

3 As used in sections 36a-715 to 36a-718, inclusive, as amended by this
4 act, and sections 5 to 17, inclusive, of this act, unless the context
5 otherwise requires:

6 [(1) "First mortgage loan" has the same meaning as provided in
7 section 36a-485.]

8 (1) "Branch office" means a location other than the main office at
9 which a licensee or any person on behalf of a licensee acts as a
10 mortgage servicer.

11 (2) The terms "control person", "individual", "main office",
12 "mortgage broker", "mortgage correspondent lender", "mortgage
13 lender", "office" and "person" have the same meanings as provided in
14 section 36a-485, as amended by this act.

15 [(2) "Mortgage servicing company"] (3) "Mortgage servicer" (A)
16 means any person, wherever located, who, for such person or on
17 behalf of the holder of a [first] residential mortgage loan, receives
18 payments of principal and interest in connection with a [first]
19 residential mortgage loan, records such payments on such person's
20 books and records and performs such other administrative functions
21 as may be necessary to properly carry out the mortgage holder's
22 obligations under the mortgage agreement including, when applicable,
23 the receipt of funds from the mortgagor to be held in escrow for
24 payment of real estate taxes and insurance premiums and the
25 distribution of such funds to the taxing authority and insurance
26 company, and (B) includes a person who makes payments to
27 borrowers pursuant to the terms of a home equity conversion
28 mortgage or reverse mortgage.

29 (4) "Mortgagee" means the grantee of a residential mortgage,
30 provided if the residential mortgage has been assigned of record,
31 "mortgagee" means the last person to whom the residential mortgage
32 has been assigned of record.

33 [(3)] (5) "Mortgagor" means any person obligated to repay a [first]
34 residential mortgage loan.

35 (6) "Residential mortgage loan" means any loan primarily for
36 personal, family or household use that is secured by a mortgage, deed
37 of trust or other equivalent consensual security interest on a dwelling,
38 as defined in Section 103 of the Consumer Credit Protection Act, 15
39 USC 1602, located in this state, or real property located in this state
40 upon which is constructed or intended to be constructed a dwelling.

41 Sec. 2. Section 36a-716 of the general statutes is repealed and the
42 following is substituted in lieu thereof (*Effective October 1, 2014*):

43 (a) Any mortgage [servicing company which] servicer who receives
44 funds from a mortgagor to be held in escrow for payment of taxes and
45 insurance premiums shall pay the taxes and insurance premiums of
46 the mortgagor to the appropriate taxing authority and insurance
47 company in the amount required and at the time such taxes and
48 insurance premiums are due provided (1) the mortgage [servicing
49 company] servicer has been provided with the tax or insurance bills at
50 least fifteen days prior to the date such taxes and insurance premiums
51 are due, and (2) the mortgagor has paid to the mortgage [servicing
52 company] servicer the amounts required to be paid into the escrow
53 account, as determined by the mortgage [servicing company] servicer,
54 for all amounts scheduled to be paid to the mortgage [servicing
55 company] servicer prior to the date such taxes and insurance
56 premiums are due.

57 (b) Each mortgage [servicing company] servicer shall, through its
58 own effort and expense, determine and notify the mortgagor of the
59 amounts necessary to be paid into the escrow account to assure that
60 sufficient funds will be available for the payment of such taxes and
61 insurance premiums as of the date such payment is due.

62 (c) If the amount held in the escrow account as of the date such
63 taxes and insurance premiums are due is insufficient to pay the taxes
64 and insurance premiums despite compliance by the mortgagor with
65 subdivision (2) of subsection (a) of this section, the mortgage [servicing
66 company] servicer shall pay such taxes and insurance premiums from
67 its own funds. The mortgage [servicing company] servicer shall then
68 give the mortgagor the option of paying the shortage over a period of
69 not less than one year. The mortgage [servicing company] servicer
70 shall not charge or collect interest on such shortage during the one-
71 year period.

72 Sec. 3. Section 36a-717 of the general statutes is repealed and the
73 following is substituted in lieu thereof (*Effective October 1, 2014*):

74 Any mortgage [servicing company which] servicer who violates any

75 provision of section 36a-716, as amended by this act, shall be liable to
76 the mortgagor for: (1) Any penalties, interest or other charges levied by
77 the taxing authority or insurance company as a result of such violation;
78 (2) any actual damages suffered by the mortgagor as a result of such
79 violation, including, but not limited to, any amount which would have
80 been paid by an insurer for a casualty or liability claim had the
81 insurance policy not been cancelled for nonpayment by the mortgage
82 [servicing company] servicer; and (3) in the case of any successful
83 action to enforce the foregoing liability, the costs of the action together
84 with reasonable attorney's fees as determined by the court.

85 Sec. 4. Section 36a-718 of the general statutes is repealed and the
86 following is substituted in lieu thereof (*Effective October 1, 2014*):

87 [If the commissioner determines that any mortgage servicing
88 company has violated any provision of section 36a-716, the
89 commissioner may take action against such mortgage servicing
90 company in accordance with sections 36a-50 and 36a-52. The
91 commissioner may also order the mortgage servicing company to
92 make restitution to the mortgagor upon fourteen days' notice in
93 writing. Such notice shall be sent by certified mail, return receipt
94 requested, or by any express delivery carrier that provides a dated
95 delivery receipt, to the principal place of business of the mortgage
96 servicing company and shall state the grounds for the contemplated
97 action. Within fourteen days of receipt of the notice, the mortgage
98 servicing company may file a written request for a hearing. If a hearing
99 is requested, the commissioner shall not issue an order to make
100 restitution until after such hearing is held. Such hearing shall be
101 conducted in accordance with the provisions of chapter 54.]

102 (a) On and after January 1, 2015, no person shall act as a mortgage
103 servicer, directly or indirectly, without first obtaining a license under
104 section 5 of this act from the commissioner for its main office and each
105 branch office where such business is conducted, unless such person is
106 exempt from licensure pursuant to subsection (b) of this section.

107 **(b) The following persons are exempt from mortgage servicer**
108 **licensing requirements: (1) Any bank, out-of-state bank, Connecticut**
109 **credit union, federal credit union or out-of-state credit union, provided**
110 **such bank or credit union is federally insured; (2) any wholly-owned**
111 **subsidiary of such bank or credit union; (3) any operating subsidiary**
112 **where each owner of such operating subsidiary is wholly owned by**
113 **the same such bank or credit union; and (4) any person licensed as a**
114 **mortgage lender in this state while acting as a mortgage servicer from**
115 **a location licensed as a main office or branch office under sections 36a-**
116 **485 to 36a-498f, inclusive, as amended by this act, 36a-534a and 36a-**
117 **534b, as amended by this act, provided (A) such person meets the**
118 **supplemental mortgage servicer surety bond, fidelity bond and errors**
119 **and omissions coverage requirements under section 8 of this act, and**
120 **(B) during any period that the license of the mortgage lender in this**
121 **state has been suspended, such exemption shall not be effective.**

122 **(c) The provisions of sections 10 to 13, inclusive, of this act shall**
123 **apply to any person, including a person exempt from licensure**
124 **pursuant to subsection (b) of this section, who acts as a mortgage**
125 **servicer in this state on or after January 1, 2015.**

126 Sec. 5. (NEW) (*Effective October 1, 2014*) (a) The Banking
127 Commissioner shall issue a mortgage servicer license to an applicant
128 for such license if the commissioner finds that: (1) The applicant has
129 identified a qualified individual for its main office and a branch
130 manager for each branch office where such business is conducted,
131 provided such qualified individual and branch manager have
132 supervisory authority over the mortgage servicer activities at the
133 respective office location and at least three years' experience in the
134 mortgage servicing business within the five years immediately
135 preceding the date of the application for licensure; (2) notwithstanding
136 the provisions of section 46a-80 of the general statutes, the applicant,
137 the control persons of the applicant, the qualified individual and any
138 branch manager with supervisory authority at the office for which the
139 license is sought have not been convicted of or pled guilty or nolo
140 contendere to, in a domestic, foreign or military court, a felony during

141 the seven-year period preceding the date of the application for
142 licensing or a felony involving an act of fraud or dishonesty, a breach
143 of trust or money laundering at any time preceding the date of
144 application, provided any pardon or expungement of a conviction
145 shall not be a conviction for purposes of this subdivision; (3) the
146 applicant demonstrates that the financial responsibility, character and
147 general fitness of the applicant, the control persons of the applicant,
148 the qualified individual and any branch manager having supervisory
149 authority over the office for which the license is sought command the
150 confidence of the community and warrant a determination that the
151 applicant will operate honestly, fairly and efficiently within the
152 purposes of sections 36a-715 to 36a-718, inclusive, of the general
153 statutes, as amended by this act, and sections 5 to 17, inclusive, of this
154 act; (4) the applicant has met the surety bond, fidelity bond and errors
155 and omissions coverage requirement under section 8 of this act; (5) the
156 applicant has not made a material misstatement in the application; and
157 (6) the applicant has met any other similar requirements as determined
158 by the commissioner. If the commissioner fails to make such findings,
159 the commissioner shall not issue a license, and shall notify the
160 applicant of the denial and the reasons for such denial. For purposes of
161 this subsection, the level of offense of the crime and the status of any
162 conviction, pardon or expungement shall be determined by reference
163 to the law of the jurisdiction where the case was prosecuted. In the
164 event such jurisdiction does not use the term "felony", "pardon" or
165 "expungement", such terms shall include legally equivalent events. For
166 purposes of subdivision (1) of this subsection, "experience in the
167 mortgage servicing business" means paid experience in the (A)
168 servicing of mortgage loans, (B) accounting, receipt and processing of
169 payments on behalf of mortgagees or creditors, or (C) supervision of
170 such activities, or any other relevant experience as determined by the
171 commissioner.

172 (b) An application for a license as a mortgage servicer or renewal of
173 such license shall be filed, in a form prescribed by the commissioner,
174 with the system and accompanied by the fees required by section 7 of

175 this act. Each such form shall contain content as set forth by instruction
176 or procedure of the commissioner and may be changed or updated as
177 necessary by the commissioner in order to carry out the purpose of
178 sections 36a-715 to 36a-718, inclusive, of the general statutes, as
179 amended by this act, and sections 6 to 17, inclusive, of this act. The
180 applicant shall, at a minimum, furnish to the system information
181 concerning the identity of the applicant, any control person of the
182 applicant, the qualified individual and any branch manager, including
183 personal history and experience in a form prescribed by the system
184 and information related to any administrative, civil or criminal
185 findings by any governmental jurisdiction. The applicant shall notify
186 the commissioner on the system of any change to the information
187 submitted in connection with its most recent application for licensure
188 not later than fifteen days after the applicant has reason to know of
189 such change. For the purpose of this subsection, evidence of experience
190 of the qualified individual and any branch manager shall include: (1) A
191 statement specifying the duties and responsibilities of such person's
192 employment, the term of employment, including month and year, and
193 the name, address and telephone number of a supervisor, employer or,
194 if self-employed, a business reference; and (2) if required by the
195 commissioner, copies of W-2 forms, 1099 tax forms or, if self-
196 employed, 1120 corporate tax returns, signed letters from the employer
197 on the employer's letterhead verifying such person's duties and
198 responsibilities and term of employment including month and year,
199 and, if such person is unable to provide such letters, other proof
200 satisfactory to the commissioner that such person meets the experience
201 requirement. The commissioner may conduct a criminal history
202 records check of the applicant, any control person of the applicant, the
203 qualified individual and any branch manager with supervisory
204 authority at the office for which the license is sought and require the
205 applicant to submit the fingerprints of such persons as part of the
206 application.

207 (c) (1) The minimum standards for license renewal for a mortgage
208 servicer shall include the following: (A) The applicant continues to

209 meet the minimum standards under subsection (a) of this section; and
210 (B) the mortgage servicer has paid all required fees for renewal of the
211 license.

212 (2) The license of a mortgage servicer failing to satisfy the minimum
213 standards for license renewal shall expire. The commissioner may
214 adopt procedures for the reinstatement of expired licenses consistent
215 with the standards established by the system. The commissioner may
216 automatically suspend a mortgage servicer license if the licensee
217 receives a deficiency on the system indicating that the payment
218 required by section 7 of this act was Returned-ACH or returned
219 pursuant to such other term as may be utilized by the system to
220 indicate that the payment was not accepted. After a license has been
221 automatically suspended pursuant to this section, the commissioner
222 shall give such licensee notice of the automatic suspension, pending
223 proceedings for revocation or refusal to renew pursuant to section 15
224 of this act and an opportunity for a hearing on such action in
225 accordance with section 36a-51 of the general statutes, as amended by
226 this act, and require such licensee to take or refrain from taking such
227 action that, in the opinion of the commissioner, will effectuate the
228 purposes of this section.

229 (d) (1) Withdrawal of an application for a license filed under this
230 section shall become effective upon receipt by the commissioner of a
231 notice of intent to withdraw such application. The commissioner may
232 deny a license up to one year after the effective date of withdrawal.

233 (2) If the license of a mortgage servicer expires due to the licensee's
234 failure to renew, the commissioner may institute a revocation or
235 suspension proceeding or issue an order suspending or revoking such
236 license pursuant to subsection (a) of section 15 of this act not later than
237 one year after the date of such expiration.

238 (e) The commissioner may deem an application for a license under
239 this section abandoned if the applicant fails to respond to any request
240 for information required under sections 36a-715 to 36a-718, inclusive,

241 of the general statutes, as amended by this act, and sections 5 to 17,
242 inclusive, of this act or the regulations adopted pursuant to said
243 sections. The commissioner shall notify the applicant on the system
244 that if such information is not submitted not later than sixty days from
245 the date of such request, the application shall be deemed abandoned.
246 An application filing fee paid prior to the date an application is
247 deemed abandoned pursuant to this subsection shall not be refunded.
248 Abandonment of an application pursuant to this subsection shall not
249 preclude the applicant from submitting a new application for a license.

250 (f) At least annually, as part of its application, a mortgage servicer
251 shall file with the commissioner (1) a current schedule of the ranges of
252 costs and fees it charges mortgagors for its servicing-related activities;
253 and (2) a report in a form and format acceptable to the commissioner
254 detailing the mortgage servicer's activities in the state, including (A)
255 the number of residential mortgage loans the mortgage servicer is
256 servicing, (B) the type and characteristics of the residential mortgage
257 loans in this state, (C) the number of serviced residential mortgage
258 loans in default, along with a breakdown of thirty-day, sixty-day and
259 ninety-day delinquencies, (D) information on loss mitigation activities,
260 including details on workout arrangements undertaken, and (E)
261 information on foreclosures commenced in this state.

262 Sec. 6. (NEW) (*Effective October 1, 2014*) (a) A mortgage servicer
263 license shall not be transferable or assignable. No licensee may use any
264 name other than its legal name or a fictitious name approved by the
265 Banking Commissioner, provided such licensee may not use its legal
266 name if the commissioner disapproves use of such name. Any licensee
267 who intends to permanently cease acting as a mortgage servicer at any
268 time during a license period for any cause, including, but not limited
269 to, bankruptcy or voluntary dissolution, shall file a request to
270 surrender the license for each office at which the licensee intends to
271 cease to do business, on the system, not later than fifteen days after the
272 date of such cessation, provided this requirement shall not apply when
273 a license has been suspended pursuant to section 36a-51 of the general
274 statutes, as amended by this act. No surrender shall be effective until

275 accepted by the commissioner.

276 (b) A mortgage servicer licensee may change the name of the
277 licensee or address of any office specified on the most recent filing
278 with the system if (1) at least thirty calendar days prior to such change,
279 the licensee files such change with the system and, in the case of a
280 main office or branch office, provides, directly to the commissioner, a
281 bond rider or endorsement, or addendum, as applicable, to any bond
282 or evidence of errors and omissions coverage on file with the
283 commissioner that reflects the new name or address of the main office
284 or branch office; and (2) the commissioner does not disapprove such
285 change, in writing, or request further information within such thirty-
286 day period.

287 (c) The mortgage servicer licensee shall file with the system or, if the
288 information cannot be filed on the system, directly notify the
289 commissioner, in writing, not later than five business days after the
290 licensee has reason to know of the occurrence of any of the following
291 events:

292 (1) Filing for bankruptcy, or the consummation of a corporate
293 restructuring, of the licensee;

294 (2) Filing of a criminal indictment against the licensee or receiving
295 notification of the filing of any criminal felony indictment or felony
296 conviction of any of the licensee's officers, directors, members, partners
297 or shareholders owning ten per cent or more of the outstanding stock;

298 (3) Receiving notification of the institution of license denial, cease
299 and desist, suspension or revocation procedures, or other formal or
300 informal regulatory action by any governmental agency against the
301 licensee and the reasons for such action;

302 (4) Receiving notification of the initiation of any action by the
303 Attorney General or the attorney general of any other state and the
304 reasons for such action;

305 (5) Suspension or termination of the licensee's status as an approved
306 seller or servicer by the Federal National Mortgage Association,
307 Federal Home Loan Mortgage Corporation or Government National
308 Mortgage Association;

309 (6) Receiving notification that certain servicing rights of the licensee
310 will be rescinded or cancelled, and the reasons provided therefor;

311 (7) Receiving notification of filing for bankruptcy of any of the
312 licensee's officers, directors, members, partners or shareholders
313 owning ten per cent or more of the outstanding stock of the licensee; or

314 (8) Receiving notification of the initiation of a class action lawsuit on
315 behalf of consumers against the licensee that is related to the operation
316 of the licensed business.

317 Sec. 7. (NEW) (*Effective October 1, 2014*) (a) Each mortgage servicer
318 license shall expire at the close of business on December thirty-first of
319 the year in which it is approved, unless such license is renewed, and
320 provided any such license that is approved on or after November first
321 shall expire at the close of business on December thirty-first of the year
322 following the year in which it is approved. An application for renewal
323 of a license shall be filed between November first and December thirty-
324 first of the year in which the license expires. Each applicant for an
325 initial license or renewal of a license as a mortgage servicer shall pay to
326 the system any required fees or charges and a license fee of one
327 thousand dollars.

328 (b) All fees paid pursuant to this section, including fees paid in
329 connection with an application that is denied or withdrawn prior to
330 the issuance of the license, shall be nonrefundable. No fee paid
331 pursuant to this section shall be prorated if the license is surrendered,
332 revoked or suspended prior to the expiration of the period for which it
333 was approved.

334 Sec. 8. (NEW) (*Effective October 1, 2014*) (a) Each mortgage servicer
335 applicant or licensee and any person exempt from mortgage servicer

336 licensure pursuant to subdivision (4) of subsection (b) of section 36a-
337 718 of the general statutes, as amended by this act, shall file with the
338 Banking Commissioner (1) a surety bond, written by a surety
339 authorized to write such bonds in this state, covering its main office
340 and any branch office from which it acts as mortgage servicer, in a
341 penal sum of one hundred thousand dollars per office location in
342 accordance with subsection (b) of this section, (2) a fidelity bond,
343 written by a surety authorized to write such bonds in this state, in
344 accordance with the requirements of subsection (c) of this section, and
345 (3) evidence of errors and omissions coverage, written by a surety
346 authorized to write such coverage in this state, in accordance with the
347 requirements of subsection (c) of this section. No mortgage servicer
348 licensee and no person otherwise exempt from mortgage servicer
349 licensure pursuant to subdivision (4) of subsection (b) of section 36a-
350 718 of the general statutes, as amended by this act, shall act as a
351 mortgage servicer in this state without maintaining the surety bond,
352 fidelity bond and errors and omissions coverage required by this
353 section.

354 (b) The surety bond required by subsection (a) of this section shall
355 be (1) in a form approved by the Attorney General; and (2) conditioned
356 upon the mortgage servicer licensee or person exempt from mortgage
357 servicer licensure pursuant to subdivision (4) of subsection (b) of
358 section 36a-718 of the general statutes, as amended by this act,
359 faithfully performing any and all written agreements or commitments
360 with or for the benefit of mortgagors and mortgagees, truly and
361 faithfully accounting for all funds received from a mortgagor or
362 mortgagee in such person's capacity as a mortgage servicer, and
363 conducting such mortgage business consistent with the provisions of
364 sections 36a-715 to 36a-718, inclusive, of the general statutes, as
365 amended by this act, and sections 5 to 17, inclusive, of this act. Any
366 mortgagor that may be damaged by the failure of a mortgage servicer
367 licensee or person exempt from mortgage servicer licensure pursuant
368 to subdivision (4) of subsection (b) of section 36a-718 of the general
369 statutes, as amended by this act, to perform any written agreements or

370 commitments, or by the wrongful conversion of funds paid by a
371 mortgagor to such licensee or person, may proceed on such bond
372 against the principal or surety thereon, or both, to recover damages.
373 The commissioner may proceed on such bond against the principal or
374 surety on such bond, or both, to collect any civil penalty imposed
375 pursuant to subsection (a) of section 36a-50 of the general statutes, any
376 restitution imposed pursuant to subsection (c) of section 36a-50 of the
377 general statutes and any unpaid costs of examination of a licensee as
378 determined pursuant to section 36a-65 of the general statutes, as
379 amended by this act. The proceeds of the bond, even if commingled
380 with other assets of the principal, shall be deemed by operation of law
381 to be held in trust for the benefit of such claimants against the
382 principal in the event of bankruptcy of the principal and shall be
383 immune from attachment by creditors and judgment creditors. The
384 surety bond shall run concurrently with the period of the license for
385 the main office of the mortgage servicer or mortgage lender and the
386 aggregate liability under the bond shall not exceed the penal sum of
387 the bond. The principal shall notify the commissioner of the
388 commencement of an action on the bond. When an action is
389 commenced on a principal's bond, the commissioner may require the
390 filing of a new bond and immediately on recovery on any action on the
391 bond, the principal shall file a new bond.

392 (c) The fidelity bond and errors and omissions coverage required by
393 subsection (a) of this section shall name the commissioner as an
394 additional loss payee on drafts the surety issues to pay for covered
395 losses directly or indirectly incurred by mortgagors of residential
396 mortgage loans serviced by the mortgage servicer. The fidelity bond
397 shall cover losses arising from dishonest and fraudulent acts,
398 embezzlement, misplacement, forgery and similar events committed
399 by employees of the mortgage servicer. The errors and omissions
400 coverage shall cover losses arising from negligence, errors and
401 omissions by the mortgage servicer with respect to the payment of real
402 estate taxes and special assessments, hazard and flood insurance or the
403 maintenance of mortgage and guaranty insurance. The fidelity bond

404 and errors and omissions coverage shall each be in the following
405 principal amounts based on the mortgage servicer's volume of
406 servicing activity most recently reported to the commissioner:

407 (1) If the amount of the residential mortgage loans serviced is one
408 hundred million dollars or less, the principal amount shall be three
409 hundred thousand dollars; or

410 (2) If the amount of such loans exceeds one hundred million dollars,
411 the principal amount shall be three hundred thousand dollars plus (A)
412 three-twentieths of one per cent of the amount of residential mortgage
413 loans serviced greater than one hundred million dollars but less than
414 or equal to five hundred million dollars; (B) plus one-eighth of one per
415 cent of the amount of residential mortgage loans serviced greater than
416 five hundred million dollars but less than or equal to one billion
417 dollars; and (C) plus one-tenth of one per cent of the amount of
418 residential mortgage loans serviced greater than one billion dollars.

419 The fidelity bond and errors and omissions coverage may provide for a
420 deductible amount not to exceed the greater of one hundred thousand
421 dollars or five per cent of the principal amount.

422 (d) A surety shall have the right to cancel the surety bond, fidelity
423 bond and errors and omissions coverage required by this section at
424 any time by a written notice to the principal stating the date
425 cancellation shall take effect. Such notice shall be sent by certified mail
426 to the principal at least thirty days prior to the date of cancellation. A
427 surety bond, fidelity bond or errors and omissions coverage shall not
428 be cancelled unless the surety notifies the commissioner, in writing,
429 not less than thirty days prior to the effective date of cancellation. After
430 receipt of such notification from the surety, the commissioner shall
431 give written notice to the principal of the date such cancellation shall
432 take effect. The commissioner shall automatically suspend the license
433 of a mortgage servicer on such date. No automatic suspension or
434 inactivation shall occur if, prior to the date that such bond or errors
435 and omissions coverage cancellation shall take effect, (1) the principal

436 submits a letter of reinstatement of the bond or errors and omissions
437 coverage, or a new bond or errors and omissions policy; or (2) the
438 mortgage servicer licensee has ceased business in this state and has
439 surrendered all licenses in accordance with section 36a-51 of the
440 general statutes, as amended by this act, and section 6 of this act. After
441 a mortgage servicer license has been automatically suspended
442 pursuant to this section, the commissioner shall give such licensee
443 notice of the automatic suspension, pending proceedings for
444 revocation or refusal to renew pursuant to section 15 of this act and an
445 opportunity for a hearing on such action in accordance with section
446 36a-51 of the general statutes, as amended by this act, and require such
447 licensee to take or refrain from taking such action as in the opinion of
448 the commissioner will effectuate the purposes of this section. A person
449 licensed as a mortgage lender in this state acting as a mortgage servicer
450 from a location licensed as a main office or branch office under sections
451 36a-485 to 36a-498f, inclusive, as amended by this act, 36a-534a and
452 36a-534b of the general statutes, as amended by this act, shall cease to
453 be exempt from mortgage servicer licensing requirements in this state
454 upon cancellation of any surety bond, fidelity bond or errors and
455 omissions coverage required by this section.

456 (e) If the commissioner finds that the financial condition of a
457 mortgage servicer or mortgage lender licensee so requires, as
458 evidenced by the reduction of tangible net worth, financial losses or
459 potential losses as a result of a violation of sections 36a-715 to 36a-718,
460 inclusive, of the general statutes, as amended by this act, and sections 5
461 to 16, inclusive, of this act, the commissioner may require one or more
462 additional bonds meeting the standards set forth in this section. The
463 licensee shall file any such additional bonds not later than ten days
464 after receipt of the commissioner's written notice of such requirement.
465 A mortgage servicer or mortgage lender licensee shall file, as the
466 commissioner may require, any bond rider or endorsement or
467 addendum, as applicable, to any bond or evidence of errors and
468 omissions coverage on file with the commissioner to reflect any
469 changes necessary to maintain the surety bond, fidelity bond and

470 errors and omissions coverage required by this section.

471 Sec. 9. (NEW) (*Effective October 1, 2014*) (a) Each mortgage servicer
472 licensee and person exempt from licensure pursuant to subdivision (4)
473 of subsection (b) of section 36a-718 of the general statutes, as amended
474 by this act, shall maintain adequate records of each residential
475 mortgage loan transaction at the office named in the mortgage servicer
476 or mortgage lender license, or, if requested by the Banking
477 Commissioner, shall make such records available at such office or send
478 such records to the commissioner by registered or certified mail, return
479 receipt requested, or by any express delivery carrier that provides a
480 dated delivery receipt, not later than five business days after requested
481 by the commissioner to do so. Upon request, the commissioner may
482 grant a licensee additional time to make such records available or send
483 them to the commissioner. Such records shall provide the following
484 information: (1) A loan history for residential mortgage loans upon
485 which payments are received or made by the mortgage servicer,
486 itemizing the amount and date of each payment and the unpaid
487 balance at all times; (2) the original or an exact copy of the note,
488 residential mortgage or other evidence of indebtedness and mortgage
489 deed; (3) the name and address of the mortgage lender, mortgage
490 correspondent lender and mortgage broker, if any, involved in the
491 residential mortgage loan transaction; (4) copies of any disclosures or
492 notifications provided to the mortgagor required by state or federal
493 law; (5) a copy of any bankruptcy plan approved in a proceeding filed
494 by the mortgagor or a co-owner of the property subject to the
495 residential mortgage loan; (6) a communications log that documents all
496 verbal communications with the mortgagor or the mortgagor's
497 representative; and (7) a copy of all notices sent to the mortgagor
498 related to any foreclosure proceeding filed against the encumbered
499 property.

500 (b) Every mortgage servicer licensee and person exempt from
501 licensure pursuant to subdivision (4) of subsection (b) of section 36a-
502 718 of the general statutes, as amended by this act, shall retain the
503 records of each residential mortgage loan serviced for not less than two

504 years following the final payment on such residential mortgage loan,
505 or the assignment of such residential mortgage loan, whichever occurs
506 first, or such longer period as may be required by any other provision
507 of law. Every mortgage servicer licensee and person exempt from
508 licensure pursuant to subdivision (4) of subsection (b) of section 36a-
509 718 of the general statutes, as amended by this act, shall keep and use
510 in its business books, accounts and records that will enable the
511 commissioner to determine whether such mortgage servicer is
512 complying with the provisions of sections 36a-715 to 36a-718, inclusive,
513 of the general statutes, as amended by this act, and sections 5 to 17,
514 inclusive, of this act and with any regulations adopted pursuant
515 thereto.

516 Sec. 10. (NEW) (*Effective January 1, 2015*) Upon assignment of
517 servicing rights on a residential mortgage loan, the mortgage servicer
518 shall disclose to the mortgagor: (1) Any notice required by the Real
519 Estate Settlement Procedures Act of 1974, 12 USC Section 2601 et seq.,
520 as from time to time amended, and the regulations promulgated
521 thereunder, and within the time periods prescribed therein; and (2) a
522 schedule of the ranges and categories of its costs and fees for its
523 servicing-related activities, which shall comply with state and federal
524 law and, if such disclosure is made by a mortgage servicer licensee,
525 shall not exceed those reported to the Banking Commissioner in
526 accordance with subsection (f) of section 5 of this act.

527 Sec. 11. (NEW) (*Effective January 1, 2015*) A mortgage servicer shall
528 comply with all applicable federal laws and regulations relating to
529 mortgage loan servicing, including, but not limited to, the Real Estate
530 Settlement Procedures Act of 1974, 12 USC Section 2601 et seq., the
531 Truth-in-Lending Act, 15 USC Section 1601 et seq., as from time to time
532 amended, and the regulations promulgated thereunder. In addition to
533 any other remedies provided by law, a violation of any such federal
534 law or regulation shall be deemed a violation of this section and a basis
535 upon which the Banking Commissioner may take enforcement action
536 pursuant to section 15 of this act.

537 Sec. 12. (NEW) (*Effective January 1, 2015*) (a) A mortgage servicer
538 shall maintain and keep current a schedule of fees that it charges
539 mortgagors for its servicing-related activities. The schedule shall
540 identify each fee, provide a plain English explanation of the fee and
541 state the amount of the fee or range of amounts or, if there is no
542 standard fee, how the fee is calculated or determined. A mortgage
543 servicer shall make its schedule available to the mortgagor or the
544 mortgagor's authorized representative upon request.

545 (b) A mortgage servicer shall not impose any late fee or delinquency
546 charge when the only delinquency is attributable to late fees or
547 delinquency charges assessed on an earlier payment, and the payment
548 is otherwise a full payment for the applicable period and is paid on its
549 due date or within any applicable grace period. Late charges shall not
550 be (1) based on an amount greater than the past due amount; (2)
551 collected from the escrow account or from escrow surplus without the
552 approval of the mortgagor; or (3) deducted from any regular payment.

553 Sec. 13. (NEW) (*Effective January 1, 2015*) No mortgage servicer shall:

554 (1) Directly or indirectly employ any scheme, device or artifice to
555 defraud or mislead mortgagors or mortgagees or to defraud any
556 person;

557 (2) Engage in any unfair or deceptive practice toward any person or
558 misrepresent or omit any material information in connection with the
559 servicing of the residential mortgage loan, including, but not limited
560 to, misrepresenting the amount, nature or terms of any fee or payment
561 due or claimed to be due on a residential mortgage loan, the terms and
562 conditions of the servicing agreement or the mortgagor's obligations
563 under the residential mortgage loan;

564 (3) Obtain property by fraud or misrepresentation;

565 (4) Knowingly misapply or recklessly apply residential mortgage
566 loan payments to the outstanding balance of a residential mortgage
567 loan;

568 (5) Knowingly misapply or recklessly apply payments to escrow
569 accounts;

570 (6) Place hazard, homeowner's or flood insurance on the mortgaged
571 property when the mortgage servicer knows or has reason to know
572 that the mortgagor has an effective policy for such insurance;

573 (7) Fail to comply with section 49-10a of the general statutes;

574 (8) Knowingly or recklessly provide inaccurate information to a
575 credit bureau, thereby harming a mortgagor's creditworthiness;

576 (9) Fail to report both the favorable and unfavorable payment
577 history of the mortgagor to a nationally recognized consumer credit
578 bureau at least annually if the mortgage servicer regularly reports
579 information to a credit bureau;

580 (10) Collect private mortgage insurance beyond the date for which
581 private mortgage insurance is required;

582 (11) Fail to issue a release of mortgage in accordance with section
583 49-8 of the general statutes;

584 (12) Fail to provide written notice to a mortgagor upon taking action
585 to place hazard, homeowner's or flood insurance on the mortgaged
586 property, including a clear and conspicuous statement of the
587 procedures by which the mortgagor may demonstrate that he or she
588 has the required insurance coverage and by which the mortgage
589 servicer shall terminate the insurance coverage placed by it and refund
590 or cancel any insurance premiums and related fees paid by or charged
591 to the mortgagor;

592 (13) Place hazard, homeowner's or flood insurance on a mortgaged
593 property, or require a mortgagor to obtain or maintain such insurance,
594 in excess of the replacement cost of the improvements on the
595 mortgaged property as established by the property insurer;

596 (14) Fail to provide to the mortgagor a refund of unearned

597 premiums paid by a mortgagor or charged to the mortgagor for
598 hazard, homeowner's or flood insurance placed by a mortgagee or the
599 mortgage servicer if the mortgagor provides reasonable proof that the
600 mortgagor has obtained coverage such that the forced placement
601 insurance is no longer necessary and the property is insured. If the
602 mortgagor provides reasonable proof that no lapse in coverage
603 occurred such that the forced placement was not necessary, the
604 mortgage servicer shall promptly refund the entire premium;

605 (15) Require any amount of funds to be remitted by means more
606 costly to the mortgagor than a bank or certified check or attorney's
607 check from an attorney's account to be paid by the mortgagor;

608 (16) Refuse to communicate with an authorized representative of the
609 mortgagor who provides a written authorization signed by the
610 mortgagor, provided the mortgage servicer may adopt procedures
611 reasonably related to verifying that the representative is in fact
612 authorized to act on behalf of the mortgagor;

613 (17) Conduct any business covered by sections 36a-715 to 36a-718,
614 inclusive, of the general statutes, as amended by this act, and sections 5
615 to 17, inclusive, of this act without holding a valid license as required
616 under said sections, or assist or aid and abet any person in the conduct
617 of business without a valid license as required under title 36a of the
618 general statutes;

619 (18) Negligently make any false statement or knowingly and
620 wilfully make any omission of a material fact in connection with any
621 information or reports filed with a governmental agency or the system
622 or in connection with any investigation conducted by the Banking
623 Commissioner or another governmental agency; or

624 (19) Collect, charge, attempt to collect or charge or use or propose
625 any agreement purporting to collect or charge any fee prohibited by
626 sections 36a-485 to 36a-498f, inclusive, as amended by this act, 36a-
627 534a and 36a-534b of the general statutes, as amended by this act.

628 Sec. 14. (NEW) (*Effective October 1, 2014*) (a) In addition to any
629 authority provided under title 36a of the general statutes, the Banking
630 Commissioner shall have the authority to conduct investigations and
631 examinations as follows:

632 (1) For purposes of initial licensing, license renewal, license
633 suspension, license conditioning, license revocation or termination, or
634 general or specific inquiry or investigation to determine compliance
635 with sections 36a-715 to 36a-718, inclusive, of the general statutes, as
636 amended by this act, and sections 5 to 17, inclusive, of this act, the
637 commissioner may access, receive and use any books, accounts,
638 records, files, documents, information or evidence including, but not
639 limited to, (A) criminal, civil and administrative history information;
640 (B) personal history and experience information, including
641 independent credit reports obtained from a consumer reporting
642 agency described in Section 603(p) of the Fair Credit Reporting Act, 15
643 USC 1681a; and (C) any other documents, information or evidence the
644 commissioner deems relevant to the inquiry or investigation regardless
645 of the location, possession, control or custody of such documents,
646 information or evidence.

647 (2) For the purposes of investigating violations or complaints arising
648 under sections 36a-715 to 36a-718, inclusive, of the general statutes, as
649 amended by this act, and sections 5 to 17, inclusive, of this act or for
650 the purposes of examination, the commissioner may review,
651 investigate or examine any mortgage servicer licensee or person
652 subject to said sections as often as necessary in order to carry out the
653 purposes of said sections. The commissioner may direct, subpoena or
654 order the attendance of and examine under oath all persons whose
655 testimony may be required about the residential mortgage loans or the
656 business or subject matter of any such examination or investigation,
657 and may direct, subpoena or order such person to produce books,
658 accounts, records, files and any other documents the commissioner
659 deems relevant to the inquiry.

660 (b) Each mortgage servicer licensee or person subject to sections 36a-

661 715 to 36a-718, inclusive, of the general statutes, as amended by this
662 act, and sections 5 to 17, inclusive, of this act shall make or compile
663 reports or prepare other information as directed by the commissioner
664 in order to carry out the purposes of this section including accounting
665 compilations, information lists and data concerning residential
666 mortgage loan transactions in a format prescribed by the commissioner
667 or such other information the commissioner deems necessary to carry
668 out the purposes of sections 36a-715 to 36a-718, inclusive, of the
669 general statutes, as amended by this act, and sections 5 to 17, inclusive,
670 of this act.

671 (c) In making any examination or investigation authorized by this
672 section, the commissioner may control access to any documents and
673 records of the mortgage servicer licensee or person under examination
674 or investigation. The commissioner may take possession of the
675 documents and records or place a person in exclusive charge of the
676 documents and records in the place where they are usually kept.
677 During the period of control, no person shall remove or attempt to
678 remove any of the documents and records except pursuant to a court
679 order or with the consent of the commissioner. Unless the
680 commissioner has reasonable grounds to believe the documents or
681 records of the mortgage servicer licensee or person have been, or are at
682 risk of being, altered or destroyed for purposes of concealing a
683 violation of sections 36a-715 to 36a-718, inclusive, of the general
684 statutes, as amended by this act, and sections 5 to 17, inclusive, of this
685 act the mortgage servicer licensee or owner of the documents and
686 records shall have access to the documents or records as necessary to
687 conduct its ordinary business affairs.

688 (d) In order to carry out the purposes of this section, the
689 commissioner may:

690 (1) Retain attorneys, accountants or other professionals and
691 specialists as examiners, auditors or investigators to conduct or assist
692 in the conduct of examinations or investigations;

693 (2) Enter into agreements or relationships with other government
694 officials or regulatory associations in order to improve efficiencies and
695 reduce regulatory burden by sharing resources, standardized or
696 uniform methods or procedures, and documents, records, information
697 or evidence obtained under this section;

698 (3) Use, hire, contract or employ public or privately available
699 analytical systems, methods or software to examine or investigate the
700 mortgage servicer licensee or person subject to sections 36a-715 to 36a-
701 718, inclusive, of the general statutes, as amended by this act, and
702 sections 5 to 17, inclusive, of this act;

703 (4) Accept and rely on examination or investigation reports made by
704 other government officials, within or without this state; and

705 (5) Accept audit reports made by an independent certified public
706 accountant for the mortgage servicer licensee or person subject to
707 sections 36a-715 to 36a-718, inclusive, of the general statutes, as
708 amended by this act, and sections 5 to 17, inclusive, of this act in the
709 course of that part of the examination covering the same general
710 subject matter as the audit and may incorporate the audit report in the
711 report of examination, report of investigation or other writing of the
712 commissioner.

713 (e) The authority of this section shall remain in effect, whether such
714 mortgage servicer licensee or person subject to sections 36a-715 to 36a-
715 718, inclusive, of the general statutes, as amended by this act, and
716 sections 5 to 17, inclusive, of this act, acts or claims to act under any
717 licensing or registration law of this state, or claims to act without such
718 authority.

719 (f) No mortgage servicer licensee or person subject to investigation
720 or examination under this section may knowingly withhold, abstract,
721 remove, mutilate, destroy or secrete any books, records, computer
722 records or other information.

723 Sec. 15. (NEW) (*Effective October 1, 2014*) (a) The Banking

724 Commissioner may suspend, revoke or refuse to renew any mortgage
725 servicer license or take any other action, in accordance with the
726 provisions of section 36a-51 of the general statutes, as amended by this
727 act, for any reason which would be sufficient grounds for the
728 commissioner to deny an application for such license under section 5
729 of this act, or if the commissioner finds that the licensee, any control
730 person of the licensee, the qualified individual or any branch manager
731 with supervisory authority, trustee, employee or agent of such licensee
732 has done any of the following: (1) Made any material misstatement in
733 the application; (2) committed any fraud or misrepresentation or
734 misappropriated funds; (3) violated any of the provisions of title 36a of
735 the general statutes or of any regulations adopted pursuant thereto, or
736 any other law or regulation applicable to the conduct of its business; or
737 (4) failed to perform any agreement with a mortgagee or a mortgagor.

738 (b) Whenever it appears to the commissioner that any person has
739 violated, is violating or is about to violate section 49-8 or 49-10a of the
740 general statutes, any of the provisions of title 36a of the general
741 statutes or of any regulations adopted pursuant thereto, or any licensee
742 has failed to perform any agreement with a mortgagee or mortgagor,
743 committed any fraud, made any misrepresentation or misappropriated
744 funds, the commissioner may take action against such person or
745 licensee in accordance with sections 36a-50 and 36a-52 of the general
746 statutes.

747 Sec. 16. (NEW) (*Effective October 1, 2014*) The Banking Commissioner
748 may adopt such regulations, in accordance with chapter 54 of the
749 general statutes, as the commissioner deems necessary to administer
750 and enforce the provisions of sections 36a-715 to 36a-718, inclusive, of
751 the general statutes, as amended by this act, and sections 5 to 17,
752 inclusive, of this act.

753 Sec. 17. (NEW) (*Effective October 1, 2014*) The provisions of section
754 36a-718 of the general statutes, as amended by this act, and sections 5
755 to 13, inclusive, of this act shall not apply to (1) a person exempt from
756 licensure as a mortgage lender or mortgage correspondent lender

757 pursuant to subsection (b) of section 36a-487 of the general statutes
758 while servicing residential mortgage loans made pursuant to such
759 exemption, (2) a person servicing five or fewer residential mortgage
760 loans within any period of twelve consecutive months, (3) any agency
761 of the federal government, any state or municipal government or any
762 quasi-governmental agency servicing residential mortgage loans under
763 the specific authority of the laws of any state or the United States, and
764 (4) a person exempt from licensure as a mortgage servicer pursuant to
765 subdivisions (1), (2) and (3) of subsection (b) of section 36a-718 of the
766 general statutes, as amended by this act.

767 Sec. 18. Section 36a-1 of the 2014 supplement to the general statutes
768 is repealed and the following is substituted in lieu thereof (*Effective*
769 *October 1, 2014*):

770 This title shall be known as the "Banking Law of Connecticut" and
771 shall be applicable to all Connecticut banks, Connecticut credit unions,
772 mortgage lenders, mortgage correspondent lenders, mortgage brokers,
773 mortgage loan originators, loan processors or underwriters, money
774 transmitters, check cashers, trustees under mortgages or deeds of trust
775 of real property securing certain investments, corporations exercising
776 fiduciary powers, small loan lenders, sales finance companies,
777 mortgage [servicing companies] servicers, debt adjusters, debt
778 negotiators, consumer collection agencies and to such other persons as
779 subject themselves to the provisions of this title or who, by violating
780 any of its provisions, become subject to the penalties provided in this
781 title.

782 Sec. 19. Subdivision (6) of subsection (c) of section 36a-65 of the
783 general statutes is repealed and the following is substituted in lieu
784 thereof (*Effective October 1, 2014*):

785 (6) A licensee under section 36a-489, 36a-541, 36a-556, 36a-581, 36a-
786 600, 36a-628, 36a-656, 36a-671, section 5 of this act or 36a-801, as
787 amended by this act, shall pay to the commissioner the actual cost of
788 any examination of the licensee, as such cost is determined by the

789 commissioner. If the licensee fails to pay such cost not later than sixty
790 days after receipt of demand from the commissioner, the commissioner
791 may suspend the license until such costs are paid.

792 Sec. 20. Subdivision (4) of subsection (a) of section 36a-412 of the
793 general statutes is repealed and the following is substituted in lieu
794 thereof (*Effective October 1, 2014*):

795 (4) (A) The laws of this state, including laws regarding (i)
796 community reinvestment pursuant to sections 36a-30 to 36a-33,
797 inclusive; (ii) consumer protection pursuant to sections 36a-41 to 36a-
798 45, inclusive, 36a-290 to 36a-304, inclusive, 36a-306, 36a-307, 36a-315 to
799 36a-323, inclusive, 36a-645 to 36a-647, inclusive, 36a-690, 36a-695 to
800 36a-700, inclusive, 36a-705 to 36a-707, inclusive, 36a-715 to 36a-718,
801 inclusive, as amended by this act, sections 5 to 17, inclusive, of this act,
802 36a-725, 36a-726, 36a-755 to 36a-759, inclusive, 36a-770 to 36a-788,
803 inclusive, and 36a-800 to 36a-810, inclusive; (iii) fair lending pursuant
804 to sections 36a-737, 36a-740 and 36a-741; and (iv) establishment of
805 interstate branches pursuant to section 36a-145, as amended by this act,
806 shall apply to any branch in this state of an out-of-state bank, other
807 than a federally-chartered out-of-state bank, to the same extent as such
808 laws apply to a branch in this state of an out-of-state national banking
809 association.

810 (B) An out-of-state bank, other than a federally-chartered out-of-
811 state bank, that establishes a branch in this state may conduct any
812 activity at such branch that is permissible under the laws of the home
813 state of such out-of-state bank, to the extent such activity is permissible
814 either for a Connecticut bank or for a branch in this state of an out-of-
815 state national banking association. If the commissioner determines that
816 a branch in this state of an out-of-state bank, other than a federally-
817 chartered out-of-state bank, is being operated in violation of any
818 applicable law of this state or in an unsafe and unsound manner, the
819 commissioner may take any enforcement action authorized under this
820 title against such out-of-state bank to the same extent as if such branch
821 were a Connecticut bank, provided the commissioner shall promptly

822 give notice of such action to the home state banking regulator of such
823 out-of-state bank and, to the extent practicable, shall consult and
824 cooperate with such regulator in pursuing and resolving such action.
825 For purposes of this subparagraph, "activity" includes acquiring or
826 retaining any investment.

827 Sec. 21. Subsection (a) of section 36a-487 of the general statutes is
828 repealed and the following is substituted in lieu thereof (*Effective*
829 *October 1, 2014*):

830 (a) The following are exempt from licensing as a mortgage lender,
831 mortgage correspondent lender or mortgage broker under sections
832 36a-485 to 36a-498f, inclusive, as amended by this act, 36a-534a and
833 36a-534b, as amended by this act: (1) Any bank, out-of-state bank,
834 Connecticut credit union, federal credit union or out-of-state credit
835 union, provided such bank or credit union is federally insured, (2) any
836 [operating] wholly-owned subsidiary of [a federal bank or federally-
837 chartered out-of-state bank or any wholly-owned subsidiary of a
838 Connecticut bank or a Connecticut] any such bank or credit union; [(2)]
839 (3) any operating subsidiary where each owner of such operating
840 subsidiary is wholly owned by the same such bank or credit union; (4)
841 any person licensed under sections 36a-671 to 36a-671d, inclusive, or
842 exempt from licensure under section 36a-671c, as amended by this act,
843 who is negotiating or offering to negotiate terms of a residential
844 mortgage loan as authorized by said sections 36a-671 to 36a-671d,
845 inclusive; and [(3)] (5) any person engaged solely in providing loan
846 processing or underwriting services to persons (A) licensed as a
847 mortgage lender, mortgage correspondent lender or mortgage broker,
848 or (B) exempt from such licensure under subdivision (1) of this
849 subsection. Each wholly-owned subsidiary of a Connecticut bank or
850 Connecticut credit union that engages in the business of making
851 residential mortgage loans or acts as a mortgage broker in this state
852 shall provide written notification to the commissioner prior to
853 engaging in such activity.

854 Sec. 22. Section 36a-671c of the general statutes is repealed and the

855 following is substituted in lieu thereof (*Effective October 1, 2014*):

856 The provisions of sections 36a-671 to 36a-671d, inclusive, shall not
857 apply to the following: (1) Any attorney admitted to the practice of law
858 in this state who engages or offers to engage in debt negotiation as an
859 ancillary matter to such attorney's representation of a client; (2) any
860 bank, out-of-state bank, Connecticut credit union, federal credit union
861 or out-of-state credit union; [, provided subsidiaries of such
862 institutions other than operating subsidiaries of federal banks and
863 federally-chartered out-of-state banks are not exempt from licensure;]
864 (3) any wholly-owned subsidiary of any such bank or credit union; (4)
865 any operating subsidiary where each owner of such operating
866 subsidiary is wholly owned by the same such bank or credit union; (5)
867 any person licensed as a debt adjuster pursuant to sections 36a-655 to
868 36a-665, inclusive, while performing debt adjuster services; [(4)] (6)
869 any person acting under the order of a court; or [(5)] (7) any bona fide
870 nonprofit organization organized under Section 501(c)(3) of the
871 Internal Revenue Code of 1986, or any subsequent corresponding
872 internal revenue code of the United States, as amended from time to
873 time.

874 Sec. 23. Section 49-2a of the general statutes is repealed and the
875 following is substituted in lieu thereof (*Effective October 1, 2014*):

876 (a) On and after July 1, 1993, each state bank and trust company,
877 national banking association, state or [federally chartered] federally-
878 chartered savings and loan association, savings bank, insurance
879 company and other mortgagee or mortgage [servicing company]
880 servicer holding funds of a mortgagor in escrow for the payment of
881 taxes and insurance premiums with respect to mortgaged property
882 located in this state shall pay interest on such funds, except as
883 provided in section 49-2c, as amended by this act, at a rate of not less
884 than the average rate paid, as of December 30, 1992, on savings
885 deposits by insured commercial banks as published in the Federal
886 Reserve Board Bulletin and rounded to the nearest one-tenth of one
887 percentage point, except in no event shall the rate be less than one and

888 one-half per cent. On and after January 1, 1994, until September 30,
889 2012, the rate for each calendar year shall be not less than the deposit
890 index as defined in subsection (c) of this section for that year and
891 rounded to the nearest one-tenth of one percentage point, except in no
892 event shall the rate be less than one and one-half per cent. On and after
893 October 1, 2012, the rate for each calendar year shall be not less than
894 the deposit index as defined in subsection (c) of this section for that
895 year and rounded to the nearest one-tenth of one percentage point.
896 Interest payments shall be credited on the thirty-first day of December
897 annually toward the payment of taxes or insurance premiums as the
898 case may be, on such mortgaged property in the ensuing year. If the
899 mortgage debt is paid prior to December thirty-first in any year, the
900 interest to the date of payment shall be paid to the mortgagor. The
901 provisions of this section shall apply only with respect to mortgages on
902 owner-occupied residential property consisting of not more than four
903 living units and housing cooperatives occupied solely by the
904 shareholders thereof. Any mortgagee or mortgage [servicing company]
905 servicer violating the provisions of this section shall be fined not more
906 than one hundred dollars for each offense.

907 (b) Each mortgagee or mortgage [servicing company] servicer
908 subject to the provisions of this section may contact the Department of
909 Banking to ascertain the published deposit index to determine the
910 minimum rate paid on funds of a mortgagor held in escrow for the
911 payment of taxes and insurance premiums.

912 (c) The deposit index for each calendar year shall be equal to the
913 average rate paid on savings deposits by insured commercial banks as
914 last published in the Federal Reserve Board Bulletin in November of
915 the prior year. The commissioner shall determine the deposit index for
916 each calendar year and publish such deposit index in the Department
917 of Banking news bulletin no later than December fifteenth of the prior
918 year. For purposes of this section, "Federal Reserve Board Bulletin"
919 means the monthly survey of selected deposits published as a special
920 supplement to the Federal Reserve Statistical Release Publication H.6
921 published by the Board of Governors of the Federal Reserve System or,

922 if such bulletin is superseded or becomes unavailable, a substantially
923 similar index or publication.

924 Sec. 24. Section 49-2c of the general statutes is repealed and the
925 following is substituted in lieu thereof (*Effective October 1, 2014*):

926 (a) In no event shall interest be required to be paid on escrow
927 accounts where (1) there is a contract between the mortgagor and the
928 mortgagee, entered into before October 1, 1975, which contains an
929 express disclaimer of an obligation on the part of the mortgagee to pay
930 interest on the accounts, (2) the payment of such interest would violate
931 any federal law or regulation, (3) the accounts are maintained with a
932 mortgage [servicing company] servicer, neither affiliated with nor
933 owned in whole or in part by the mortgagee, under a written contract
934 or any mortgage agreements underlying the contracts, entered into
935 before October 1, 1975, which contract does not permit the mortgage
936 [servicing company] servicer to earn or receive a return from the
937 investment of the accounts, or (4) the accounts are maintained in
938 connection with mortgage loans entered into (A) on and after October
939 1, 1977, and before January 1, 1989, and which are serviced and held
940 for sale for not more than one year by a mortgage [servicing company]
941 servicer, neither affiliated with nor owned in whole or in part by the
942 purchaser of the mortgage loan, and (B) on and after January 1, 1989,
943 and which are serviced and held for sale for not more than six months
944 by any such mortgage [servicing company] servicer, provided such
945 mortgage [servicing company] servicer shall pay interest on an escrow
946 account maintained in connection with such mortgage loan if the loan
947 is sold within such specified periods and the mortgage [servicing
948 company] servicer continues to service the loan.

949 (b) In no event shall interest be required to be paid at a rate in excess
950 of two per cent per annum where (1) there is a contract between the
951 mortgagor and the mortgagee entered into before October 1, 1977,
952 which contains an express agreement to pay interest at the rate of two
953 per cent per annum, or (2) such accounts are maintained in connection
954 with mortgage loans entered into prior to October 1, 1977, and which

955 are serviced and held for sale for not more than one year by a
956 mortgage [servicing company] servicer, neither affiliated with nor
957 owned in whole or in part by the purchaser of the mortgage loan.

958 Sec. 25. Subsection (o) of section 36a-145 of the 2014 supplement to
959 the general statutes is repealed and the following is substituted in lieu
960 thereof (*Effective October 1, 2014*):

961 (o) (1) With the approval of the commissioner, a Connecticut bank
962 may establish a loan production office in or outside this state.

963 (2) A Connecticut bank that proposes to close any loan production
964 office shall submit to the commissioner a notice of the proposed
965 closing not later than thirty days prior to the date proposed for such
966 closing. The notice shall include a detailed statement of the reasons for
967 the decision to close the loan production office and the statistical and
968 other information in support of such reasons. After receipt of the
969 notice, the commissioner may require the Connecticut bank to submit
970 any additional information. The Connecticut bank shall provide notice
971 of the proposed closing to its customers by posting a notice in a
972 conspicuous manner on the premises of such loan production office for
973 at least a thirty-day period ending on the date proposed for such
974 closing.

975 Sec. 26. Subsection (a) of section 36a-633 of the general statutes is
976 repealed and the following is substituted in lieu thereof (*Effective*
977 *October 1, 2014*):

978 (a) Each applicant for a license, at the time of making such
979 application, shall pay to the commissioner a nonrefundable license fee
980 of four hundred dollars. Each license issued pursuant to this
981 subsection shall expire at the close of business on June thirtieth of each
982 year, unless such license is renewed. The license shall not be
983 transferable or assignable. Each licensee shall, on or before June
984 twentieth of each year, pay to the commissioner the sum of four
985 hundred dollars as a license renewal fee for the succeeding year,
986 commencing July first. Each applicant or licensee shall pay the

987 expenses of any examination or investigation made under sections 36a-
988 625 to 36a-634, inclusive.

989 Sec. 27. Subsection (q) of section 36a-70 of the general statutes is
990 repealed and the following is substituted in lieu thereof (*Effective from*
991 *passage*):

992 (q) (1) As used in this subsection, "bankers' bank" means a
993 Connecticut bank that is (A) owned exclusively by any combination of
994 banks, out-of-state banks, Connecticut credit unions, federal credit
995 unions, or out-of-state credit unions having their principal office in
996 Connecticut, Maine, Massachusetts, New Hampshire, New Jersey,
997 New York, Pennsylvania, Rhode Island or Vermont, and (B) organized
998 to engage exclusively in providing services for, or that indirectly
999 benefit, other banks, out-of-state banks, Connecticut credit unions,
1000 federal credit unions, or out-of-state credit unions and their directors,
1001 officers and employees.

1002 (2) One or more persons may organize a bankers' bank in
1003 accordance with the provisions of this section, except that subsections
1004 (g) and (h) of this section shall not apply. The approving authority for
1005 a bankers' bank shall be the commissioner acting alone. Before
1006 granting a temporary certificate of authority in the case of an
1007 application to organize a bankers' bank, the approving authority shall
1008 consider (A) whether the proposed bankers' bank will facilitate the
1009 provision of services that such banks, out-of-state banks, Connecticut
1010 credit unions, federal credit unions, or out-of-state credit unions would
1011 not otherwise be able to readily obtain, and (B) the character and
1012 experience of the proposed directors and officers. The application to
1013 organize a bankers' bank shall be approved if the approving authority
1014 determines that the interest of the public will be directly or indirectly
1015 served to advantage by the establishment of the proposed bankers'
1016 bank, and the proposed directors possess capacity and fitness for the
1017 duties and responsibilities with which they will be charged.

1018 (3) A bankers' bank shall have all of the powers of and be subject to

1019 all of the requirements applicable to a Connecticut bank under this title
1020 which are not inconsistent with this subsection, except: (A) A bankers'
1021 bank may only provide services for, or that indirectly benefit, other
1022 banks, out-of-state banks, Connecticut credit unions, federal credit
1023 unions, or out-of-state credit unions and for the directors, officers and
1024 employees of such banks, out-of-state banks, Connecticut credit
1025 unions, federal credit unions, or out-of-state credit unions; (B) only
1026 banks, out-of-state banks, Connecticut credit unions, federal credit
1027 unions, or out-of-state credit unions having their principal office in
1028 Connecticut, Maine, Massachusetts, New Hampshire, New Jersey,
1029 New York, Pennsylvania, Rhode Island or Vermont may own the
1030 capital stock of or otherwise invest in a bankers' bank; (C) upon the
1031 written request of a bankers' bank, the commissioner may waive
1032 specific requirements of this title and the regulations adopted
1033 thereunder if the commissioner finds that (i) the requirement pertains
1034 primarily to banks that provide retail or consumer banking services
1035 and is inconsistent with this subsection, and (ii) the requirement may
1036 impede the ability of the bankers' bank to compete or to provide
1037 desired services to its market provided, any such waiver and the
1038 commissioner's findings shall be in writing and shall be made
1039 available for public inspection; and (D) the commissioner may, by
1040 regulation, limit the powers that may be exercised by a bankers' bank.

1041 (4) The commissioner may adopt regulations, in accordance with
1042 chapter 54, to administer the provisions of this subsection.

1043 Sec. 28. Section 36a-2 of the general statutes is repealed and the
1044 following is substituted in lieu thereof (*Effective from passage*):

1045 As used in this title, unless the context otherwise requires:

1046 (1) "Affiliate" of a person means any person controlling, controlled
1047 by, or under common control with, that person;

1048 (2) "Applicant" with respect to any license or approval provision
1049 pursuant to this title means a person who applies for that license or
1050 approval;

1051 (3) "Automated teller machine" means a stationary or mobile
1052 [unattended] device that is unattended or equipped with a telephone
1053 or televideo device that allows contact with bank personnel, including
1054 a satellite device but excluding a point of sale terminal, at which
1055 banking transactions, including, but not limited to, deposits,
1056 withdrawals, advances, payments or transfers, may be conducted;

1057 (4) "Bank" means a Connecticut bank or a federal bank;

1058 (5) "Bank and trust company" means an institution chartered or
1059 organized under the laws of this state as a bank and trust company;

1060 (6) "Bank holding company" has the meaning given to that term in
1061 12 USC Section 1841(a), as amended from time to time, except that the
1062 term "bank", as used in 12 USC Section 1841(a) includes a bank or out-
1063 of-state bank that functions solely in a trust or fiduciary capacity;

1064 (7) "Capital stock" when used in conjunction with any bank or out-
1065 of-state bank means a bank or out-of-state bank that is authorized to
1066 accumulate funds through the issuance of its capital stock;

1067 (8) "Client" means a beneficiary of a trust for whom the Connecticut
1068 bank acts as trustee, a person for whom the Connecticut bank acts as
1069 agent, custodian or bailee, or other person to whom a Connecticut
1070 bank owes a duty or obligation under a trust or other account
1071 administered by such Connecticut bank, regardless of whether such
1072 Connecticut bank owes a fiduciary duty to the person;

1073 (9) "Club deposit" means deposits to be received at regular intervals,
1074 the whole amount deposited to be withdrawn by the owner or repaid
1075 by the bank in not more than fifteen months from the date of the first
1076 deposit, and upon which no interest or dividends need to be paid;

1077 (10) "Commissioner" means the Banking Commissioner and, with
1078 respect to any function of the commissioner, includes any person
1079 authorized or designated by the commissioner to carry out that
1080 function;

1081 (11) "Company" means any corporation, joint stock company, trust,
1082 association, partnership, limited partnership, unincorporated
1083 organization, limited liability company or similar organization, but
1084 does not include (A) any corporation the majority of the shares of
1085 which are owned by the United States or by any state, or (B) any trust
1086 which by its terms shall terminate within twenty-five years or not later
1087 than twenty-one years and ten months after the death of beneficiaries
1088 living on the effective date of the trust;

1089 (12) "Connecticut bank" means a bank and trust company, savings
1090 bank or savings and loan association chartered or organized under the
1091 laws of this state;

1092 (13) "Connecticut credit union" means a cooperative, nonprofit
1093 financial institution that (A) is organized under chapter 667 and the
1094 membership of which is limited as provided in section 36a-438a, (B)
1095 operates for the benefit and general welfare of its members with the
1096 earnings, benefits or services offered being distributed to or retained
1097 for its members, and (C) is governed by a volunteer board of directors
1098 elected by and from its membership;

1099 (14) "Connecticut credit union service organization" means a credit
1100 union service organization that is incorporated under the laws of this
1101 state, located in this state and established by at least one Connecticut
1102 credit union;

1103 (15) "Consolidation" means a combination of two or more
1104 institutions into a new institution; all institutions party to the
1105 consolidation, other than the new institution, are "constituent"
1106 institutions; the new institution is the "resulting" institution;

1107 (16) "Control" has the meaning given to that term in 12 USC Section
1108 1841(a), as amended from time to time;

1109 (17) "Credit union service organization" means an entity organized
1110 under state or federal law to provide credit union service organization
1111 services primarily to its members, to Connecticut credit unions, federal

1112 credit unions and out-of-state credit unions other than its members,
1113 and to members of any such other credit unions;

1114 (18) "Customer" means any person using a service offered by a
1115 financial institution;

1116 (19) "Demand account" means an account into which demand
1117 deposits may be made;

1118 (20) "Demand deposit" means a deposit that is payable on demand,
1119 a deposit issued with an original maturity or required notice period of
1120 less than seven days or a deposit representing funds for which the
1121 bank does not reserve the right to require at least seven days' written
1122 notice of the intended withdrawal, but does not include any time
1123 deposit;

1124 (21) "Deposit" means funds deposited with a depository;

1125 (22) "Deposit account" means an account into which deposits may
1126 be made;

1127 (23) "Depositor" includes a member of a mutual savings and loan
1128 association;

1129 (24) "Director" means a member of the governing board of a
1130 financial institution;

1131 (25) "Equity capital" means the excess of a Connecticut bank's total
1132 assets over its total liabilities, as defined in the instructions of the
1133 federal Financial Institutions Examination Council for consolidated
1134 reports of condition and income;

1135 (26) "Executive officer" means every officer of a Connecticut bank
1136 who participates or has authority to participate, otherwise than in the
1137 capacity of a director, in major policy-making functions of such bank,
1138 regardless of whether such officer has an official title or whether that
1139 title contains a designation of assistant and regardless of whether such
1140 officer is serving without salary or other compensation. The president,

1141 vice president, secretary and treasurer of such bank are deemed to be
1142 executive officers, unless, by resolution of the governing board or by
1143 such bank's bylaws, any such officer is excluded from participation in
1144 major policy-making functions, otherwise than in the capacity of a
1145 director of such bank, and such officer does not actually participate in
1146 such policy-making functions;

1147 (27) "Federal agency" has the meaning given to that term in 12 USC
1148 Section 3101, as amended from time to time;

1149 (28) "Federal bank" means a national banking association, federal
1150 savings bank or federal savings and loan association having its
1151 principal office in this state;

1152 (29) "Federal branch" has the meaning given to that term in 12 USC
1153 Section 3101, as amended from time to time;

1154 (30) "Federal credit union" means any institution chartered or
1155 organized as a federal credit union pursuant to the laws of the United
1156 States having its principal office in this state;

1157 (31) "Fiduciary" means a person undertaking to act alone or jointly
1158 with others primarily for the benefit of another or others in all matters
1159 connected with its undertaking and includes a person acting in the
1160 capacity of trustee, executor, administrator, guardian, assignee,
1161 receiver, conservator, agent, custodian under the Connecticut Uniform
1162 Gifts to Minors Act or the Uniform Transfers to Minors Act, and acting
1163 in any other similar capacity;

1164 (32) "Financial institution" means any Connecticut bank,
1165 Connecticut credit union, or other person whose activities in this state
1166 are subject to the supervision of the commissioner, but does not
1167 include a person whose activities are subject to the supervision of the
1168 commissioner solely pursuant to chapter 672a, 672b or 672c or any
1169 combination thereof;

1170 (33) "Foreign bank" has the meaning given to that term in 12 USC

1171 Section 3101, as amended from time to time;

1172 (34) "Foreign country" means any country other than the United
1173 States and includes any colony, dependency or possession of any such
1174 country;

1175 (35) "Governing board" means the group of persons vested with the
1176 management of the affairs of a financial institution irrespective of the
1177 name by which such group is designated;

1178 (36) "Holding company" means a bank holding company or a
1179 savings and loan holding company, except, as used in sections 36a-180
1180 to 36a-191, inclusive, "holding company" means a company that
1181 controls a bank;

1182 (37) "Insured depository institution" has the meaning given to that
1183 term in 12 USC Section 1813, as amended from time to time;

1184 (38) "Licensee" means any person who is licensed or required to be
1185 licensed pursuant to the applicable provisions of this title;

1186 (39) "Loan" includes any line of credit or other extension of credit;

1187 (40) "Loan production office" means an office of a bank or out-of-
1188 state bank, other than a foreign bank, whose activities are limited to
1189 loan production and solicitation;

1190 (41) "Merger" means the combination of one or more institutions
1191 with another which continues its corporate existence; all institutions
1192 party to the merger are "constituent" institutions; the merging
1193 institution which upon the merger continues its existence is the
1194 "resulting" institution;

1195 (42) "Mutual" when used in conjunction with any institution that is a
1196 bank or out-of-state bank means any such institution without capital
1197 stock;

1198 (43) "Mutual holding company" means a mutual holding company

1199 organized under sections 36a-192 to 36a-199, inclusive, and unless
1200 otherwise indicated, a subsidiary holding company controlled by a
1201 mutual holding company organized under sections 36a-192 to 36a-199,
1202 inclusive;

1203 (44) "Out-of-state" includes any state other than Connecticut and
1204 any foreign country;

1205 (45) "Out-of-state bank" means any institution that engages in the
1206 business of banking, but does not include a bank, Connecticut credit
1207 union, federal credit union or out-of-state credit union;

1208 (46) "Out-of-state credit union" means any credit union other than a
1209 Connecticut credit union or a federal credit union;

1210 (47) "Out-of-state trust company" means any company chartered to
1211 act as a fiduciary but does not include a company chartered under the
1212 laws of this state, a bank, an out-of-state bank, a Connecticut credit
1213 union, a federal credit union or an out-of-state credit union;

1214 (48) "Person" means an individual, company, including a company
1215 described in subparagraphs (A) and (B) of subdivision (11) of this
1216 section, or any other legal entity, including a federal, state or municipal
1217 government or agency or any political subdivision thereof;

1218 (49) "Point of sale terminal" means a device located in a commercial
1219 establishment at which sales transactions can be charged directly to the
1220 buyer's deposit, loan or credit account, but at which deposit
1221 transactions cannot be conducted;

1222 (50) "Prepayment penalty" means any charge or penalty for paying
1223 all or part of the outstanding balance owed on a loan before the date
1224 on which the principal is due and includes computing a refund of
1225 unearned interest by a method that is less favorable to the borrower
1226 than the actuarial method, as defined by Section 933(d) of the Housing
1227 and Community Development Act of 1992, 15 USC 1615(d), as
1228 amended from time to time;

1229 (51) "Reorganized savings bank" means any savings bank
1230 incorporated and organized in accordance with sections 36a-192 and
1231 36a-193;

1232 (52) "Reorganized savings and loan association" means any savings
1233 and loan association incorporated and organized in accordance with
1234 sections 36a-192 and 36a-193;

1235 (53) "Reorganized savings institution" means any reorganized
1236 savings bank or reorganized savings and loan association;

1237 (54) "Representative office" has the meaning given to that term in 12
1238 USC Section 3101, as amended from time to time;

1239 (55) "Reserves for loan and lease losses" means the amounts
1240 reserved by a Connecticut bank against possible loan and lease losses
1241 as shown on the bank's consolidated reports of condition and income;

1242 (56) "Retail deposits" means any deposits made by individuals who
1243 are not "accredited investors", as defined in 17 CFR 230.501(a);

1244 (57) "Satellite device" means an automated teller machine which is
1245 not part of an office of the bank, Connecticut credit union or federal
1246 credit union which has established such machine;

1247 (58) "Savings account" means a deposit account, other than an
1248 escrow account established pursuant to section 49-2a, as amended by
1249 this act, into which savings deposits may be made and which account
1250 must be evidenced by periodic statements delivered at least
1251 semiannually or by a passbook;

1252 (59) "Savings and loan association" means an institution chartered or
1253 organized under the laws of this state as a savings and loan
1254 association;

1255 (60) "Savings bank" means an institution chartered or organized
1256 under the laws of this state as a savings bank;

1257 (61) "Savings deposit" means any deposit other than a demand
1258 deposit or time deposit on which interest or a dividend is paid
1259 periodically;

1260 (62) "Savings and loan holding company" has the meaning given to
1261 that term in 12 USC Section 1467a, as amended from time to time;

1262 (63) "Share account holder" means a person who maintains a share
1263 account in a Connecticut credit union, federal credit union or out-of-
1264 state credit union that maintains in this state a branch, as defined in
1265 section 36a-435b;

1266 (64) "State" means any state of the United States, the District of
1267 Columbia, any territory of the United States, Puerto Rico, Guam,
1268 American Samoa, the trust territory of the Pacific Islands, the Virgin
1269 Islands and the Northern Mariana Islands;

1270 (65) "State agency" has the meaning given to that term in 12 USC
1271 Section 3101, as amended from time to time;

1272 (66) "State branch" has the meaning given to that term in 12 USC
1273 Section 3101, as amended from time to time;

1274 (67) "Subsidiary" has the meaning given to that term in 12 USC
1275 Section 1841(d), as amended from time to time;

1276 (68) "Subsidiary holding company" means a stock holding company,
1277 controlled by a mutual holding company, that holds one hundred per
1278 cent of the stock of a reorganized savings institution;

1279 (69) "Supervisory agency" means: (A) The commissioner; (B) the
1280 Federal Deposit Insurance Corporation; (C) the Resolution Trust
1281 Corporation; (D) the Office of Thrift Supervision; (E) the National
1282 Credit Union Administration; (F) the Board of Governors of the
1283 Federal Reserve System; (G) the United States Comptroller of the
1284 Currency; (H) the Bureau of Consumer Financial Protection; and (I)
1285 any successor to any of the foregoing agencies or individuals;

1286 (70) "System" means the Nationwide Mortgage Licensing System
1287 and Registry, NMLS, NMLSR or such other name or acronym as may
1288 be assigned to the multistate system developed by the Conference of
1289 State Bank Supervisors and the American Association of Residential
1290 Mortgage Regulators and owned and operated by the State Regulatory
1291 Registry, LLC, or any successor or affiliated entity, for the licensing
1292 and registration of persons in the mortgage and other financial services
1293 industries;

1294 [(70)] (71) "Time account" means an account into which time
1295 deposits may be made;

1296 [(71)] (72) "Time deposit" means a deposit that the depositor or
1297 share account holder does not have a right and is not permitted to
1298 make withdrawals from within six days after the date of deposit,
1299 unless the deposit is subject to an early withdrawal penalty of at least
1300 seven days' simple interest on amounts withdrawn within the first six
1301 days after deposit, subject to those exceptions permissible under 12
1302 CFR Part 204, as amended from time to time;

1303 [(72)] (73) "Trust bank" means a Connecticut bank organized to
1304 function solely in a fiduciary capacity; and

1305 [(73)] (74) "Uninsured bank" means a Connecticut bank that does
1306 not accept retail deposits and for which insurance of deposits by the
1307 Federal Deposit Insurance Corporation or its successor agency is not
1308 required.

1309 Sec. 29. Section 36a-3 of the 2014 supplement to the general statutes
1310 is repealed and the following is substituted in lieu thereof (*Effective*
1311 *from passage*):

1312 Other definitions applying to this title or to specified parts thereof
1313 and the sections in which they appear are:

T1 "Account". Sections 36a-155 and 36a-365.

T2 "Additional proceeds". Section 36a-746e.

- T3 "Administrative expense". Section 36a-237.
- T4 "Advance fee". Sections 36a-485, as amended by this act, and 36a-615.
- T5 "Advertise", "advertisement" or "advertising". Section 36a-485, as
- T6 amended by this act.
- T7 "Agency bank". Section 36a-285.
- T8 "Agent". Section 36a-494.
- T9 "Alternative mortgage loan". Section 36a-265.
- T10 "Amount financed". Section 36a-690.
- T11 "Annual percentage rate". Section 36a-690.
- T12 "Annual percentage yield". Section 36a-316.
- T13 "Annuities". Section 36a-455a.
- T14 "Applicant". Section 36a-736.
- T15 "APR". Section 36a-746a.
- T16 "Assessment area". Section 36a-37.
- T17 "Assets". Section 36a-70, as amended by this act.
- T18 "Associate". Section 36a-184.
- T19 "Associated member". Section 36a-458a.
- T20 "Authorized delegate". Section 36a-596.
- T21 "Bank". Section 36a-30.
- T22 "Bankers' bank". Section 36a-70, as amended by this act.
- T23 "Banking business". Section 36a-425.
- T24 "Basic services". Section 36a-437a.
- T25 "Billing cycle". Section 36a-565.
- T26 "Bona fide nonprofit organization". Sections 36a-487, as amended by
- T27 this act, and 36a-655.
- T28 "Branch". Sections 36a-145, as amended by this act, 36a-410 and 36a-
- T29 435b.
- T30 "Branch office". [Section] Sections 36a-485, as amended by this act, and
- T31 36a-715, as amended by this act.
- T32 "Branch or agency net payment entitlement". Section 36a-428n.
- T33 "Branch or agency net payment obligation". Section 36a-428n.
- T34 "Broker". Section 36a-746a.
- T35 "Business and industrial development corporation". Section 36a-626.
- T36 "Business and property in this state". Section 36a-428n.
- T37 "Capital". Section 36a-435b.

- T38 "Cash advance". Section 36a-564.
- T39 "Cash price". Section 36a-770.
- T40 "Certificate of incorporation". Section 36a-435b.
- T41 "CHFA loan". Section 36a-760.
- T42 "Clerical or support duties". Section 36a-485, as amended by this act.
- T43 "Closely related activities". Sections 36a-250 and 36a-455a.
- T44 "Collective managing agency account". Section 36a-365.
- T45 "Commercial vehicle". Section 36a-770.
- T46 "Community bank". Section 36a-70, as amended by this act.
- T47 "Community credit union". Section 36a-37.
- T48 "Community development bank". Section 36a-70, as amended by this
- T49 act.
- T50 "Community reinvestment performance". Section 36a-37.
- T51 "Connecticut holding company". Sections 36a-53 and 36a-410.
- T52 "Consolidate". Section 36a-145, as amended by this act.
- T53 "Construction loan". Section 36a-458a.
- T54 "Consumer". Sections 36a-155, 36a-676 and 36a-695.
- T55 "Consumer Credit Protection Act". Section 36a-676.
- T56 "Consumer debtor" and "debtor". Sections 36a-645 and 36a-800.
- T57 "Consumer collection agency". Section 36a-800.
- T58 "Consummation". Section 36a-746a.
- T59 "Control person". Section 36a-485, as amended by this act.
- T60 "Controlling interest". Section 36a-276.
- T61 "Conventional mortgage rate". Section 36a-760.
- T62 "Corporate". Section 36a-435b.
- T63 "Credit". Sections 36a-645 and 36a-676.
- T64 "Credit manager". Section 36a-435b.
- T65 "Creditor". Sections 36a-676, 36a-695 and 36a-800.
- T66 "Credit card", "cardholder" and "card issuer". Section 36a-676.
- T67 "Credit clinic". Section 36a-700.
- T68 "Credit rating agency". Section 36a-695.
- T69 "Credit report". Section 36a-695.
- T70 "Credit sale". Section 36a-676.
- T71 "Credit union service organization". Section 36a-435b.
- T72 "Credit union service organization services". Section 36a-435b.

T73	"De novo branch". Section 36a-410.
T74	"Debt". Section 36a-645.
T75	"Debt adjustment". Section 36a-655.
T76	"Debt mutual fund". Sections 36a-275 and 36a-459a.
T77	"Debt securities". Sections 36a-275 and 36a-459a.
T78	"Debtor". Section 36a-655.
T79	"Deliver". Section 36a-316.
T80	"Deposit". Section 36a-316.
T81	"Deposit account". Section 36a-316.
T82	"Deposit account charge". Section 36a-316.
T83	"Deposit account disclosures". Section 36a-316.
T84	"Deposit contract". Section 36a-316.
T85	"Deposit services". Section 36a-425.
T86	"Depositor". Section 36a-316.
T87	"Depository institution". Section 36a-485, <u>as amended by this act.</u>
T88	"Derivative transaction". Section 36a-262.
T89	"Director". Section 36a-435b.
T90	"Dwelling". Section 36a-485, <u>as amended by this act.</u>
T91	"Earning period". Section 36a-316.
T92	"Electronic payment instrument". Section 36a-596.
T93	"Eligible collateral". Section 36a-330.
T94	"Eligible entity". Section 36a-34.
T95	"Employee". Section 36a-485, <u>as amended by this act.</u>
T96	"Entity". Section 36a-380, <u>as amended by this act.</u>
T97	"Equity mutual fund". Sections 36a-276 and 36a-459a.
T98	"Equity security". Sections 36a-276 and 36a-459a.
T99	"Executive officer". Sections 36a-263 and 36a-469c.
T100	"Expedited Connecticut bank". Section 36a-70, <u>as amended by this act.</u>
T101	"Experience in the mortgage business". Section 36a-488.
T102	"Federal banking agency". Section 36a-485, <u>as amended by this act.</u>
T103	"Federal Credit Union Act". Section 36a-435b.
T104	"Federal Home Mortgage Disclosure Act". Section 36a-736.
T105	"FHA loan". Section 36a-760.
T106	"Fiduciary". Section 36a-365.
T107	"Filing fee". Section 36a-770.

- T108 "Finance charge". Sections 36a-690 and 36a-770.
- T109 "Financial institution". Sections 36a-41, 36a-44a, 36a-155, 36a-316,
- T110 36a-330, 36a-435b, 36a-736 and 36a-755.
- T111 "Financial records". Section 36a-41.
- T112 "First mortgage loan". Sections 36a-485, as amended by this act, 36a-705
- T113 and 36a-725.
- T114 "Foreign banking corporation". Section 36a-425.
- T115 "Fully indexed rate". Section 36a-760b.
- T116 "General facility". Section 36a-580.
- T117 "Global net payment entitlement". Section 36a-428n.
- T118 "Global net payment obligation". Section 36a-428n.
- T119 "Goods". Sections 36a-535 and 36a-770.
- T120 "Graduated payment mortgage loan". Section 36a-265.
- T121 "Guardian". Section 36a-365.
- T122 "High cost home loan". Section 36a-746a.
- T123 "Holder". Section 36a-596.
- T124 "Home banking services". Section 36a-170.
- T125 "Home banking terminal". Section 36a-170.
- T126 "Home improvement loan". Section 36a-736.
- T127 "Home purchase loan". Section 36a-736.
- T128 "Home state". Section 36a-410.
- T129 "Housing finance agency". Section 36a-487, as amended by this act.
- T130 "Immediate family member". Sections 36a-435b and 36a-485, as
- T131 amended by this act.
- T132 "Independent contractor". Section 36a-485, as amended by this act.
- T133 "Individual". Section 36a-485, as amended by this act.
- T134 "Insider". Section 36a-454b.
- T135 "Installment loan contract". Sections 36a-535 and 36a-770.
- T136 "Insurance". Section 36a-455a.
- T137 "Insurance bank". Section 36a-285.
- T138 "Insurance department". Section 36a-285.
- T139 "Interest". Section 36a-316.
- T140 "Interest rate". Section 36a-316.
- T141 "Interim interest". Section 36a-746a.
- T142 "Investments". Section 36a-602.

- T143 "Lender". Sections 36a-746a, 36a-760 and 36a-770.
- T144 "Lessor". Section 36a-676.
- T145 "License". Section 36a-626.
- T146 "Licensee". Sections 36a-596, 36a-607 and 36a-626.
- T147 "Limited branch". Section 36a-145, as amended by this act.
- T148 "Limited facility". Section 36a-580.
- T149 "Loan broker". Section 36a-615.
- T150 "Loan processor or underwriter". Section 36a-485, as amended by this
- T151 act.
- T152 "Loss". Section 36a-330.
- T153 "Made in this state". Section 36a-770.
- T154 "Main office". Section 36a-485, as amended by this act.
- T155 "Managing agent". Section 36a-365.
- T156 "Manufactured home". Section 36a-457b.
- T157 "Material litigation". Section 36a-598.
- T158 "Member". Section 36a-435b.
- T159 "Member business loan". Section 36a-458a.
- T160 "Member in good standing". Section 36a-435b.
- T161 "Membership share". Section 36a-435b.
- T162 "Mobile branch". Sections 36a-145, as amended by this act, and 36a-
- T163 435b.
- T164 "Monetary value". Section 36a-596.
- T165 "Money transmission". Section 36a-596.
- T166 "Mortgage". Section 36a-760g.
- T167 "Mortgage broker". Sections 36a-485, as amended by this act, 36a-705
- T168 and 36a-760.
- T169 "Mortgage correspondent lender". Section 36a-485, as amended by this
- T170 act.
- T171 "Mortgage insurance". Section 36a-725.
- T172 "Mortgage lender". Sections 36a-485, as amended by this act, 36a-705
- T173 and 36a-725.
- T174 "Mortgage loan". Sections 36a-261, 36a-265, 36a-457b and 36a-736.
- T175 "Mortgage loan originator". Section 36a-485, as amended by this act.
- T176 "Mortgage rate lock-in". Section 36a-705.
- T177 ["Mortgage servicing company". Section 36a-715.]

- T178 "Mortgage servicer". Section 36a-715, as amended by this act.
- T179 "Mortgagee". Section 36a-715, as amended by this act.
- T180 "Mortgagor". Section 36a-715, as amended by this act.
- T181 "Motor vehicle". Section 36a-770.
- T182 "Multiple common bond membership". Section 36a-435b.
- T183 "Municipality". Section 36a-800.
- T184 "Net outstanding member business loan balance". Section 36a-458a.
- T185 "Net worth". Sections 36a-441a and 36a-458a.
- T186 "Network". Section 36a-155.
- T187 "Nonprime home loan". Section 36a-760.
- T188 "Nonrefundable". Section 36a-498.
- T189 "Nontraditional mortgage product". Section 36a-489a, as amended by
- T190 this act.
- T191 "Note account". Sections 36a-301 and 36a-456b.
- T192 "Office". Sections 36a-23, 36a-316 and 36a-485, as amended by this act.
- T193 "Officer". Section 36a-435b.
- T194 "Open-end credit plan". Section 36a-676.
- T195 "Open-end line of credit". Section 36a-760.
- T196 "Open-end loan". Section 36a-565.
- T197 "Organization". Section 36a-800.
- T198 "Out-of-state holding company". Section 36a-410.
- T199 "Outstanding". Section 36a-596.
- T200 "Passbook savings account". Section 36a-316.
- T201 "Payment instrument". Section 36a-596.
- T202 "Periodic statement". Section 36a-316.
- T203 "Permissible investment". Section 36a-596.
- T204 "Person". Sections 36a-184 and 36a-485, as amended by this act.
- T205 "Post". Section 36a-316.
- T206 "Prepaid finance charge". Section 36a-746a.
- T207 "Prime quality". Section 36a-596.
- T208 "Principal amount of the loan". Section 36a-485, as amended by this act.
- T209 "Processor". Section 36a-155.
- T210 "Public deposit". Section 36a-330.
- T211 "Purchaser". Section 36a-596.
- T212 "Qualified financial contract". Section 36a-428n.

- T213 "Qualified public depository" and "depository". Section 36a-330.
- T214 "Real estate". Section 36a-457b.
- T215 "Real estate brokerage activity". Section 36a-485, as amended by this
- T216 act.
- T217 "Records". Section 36a-17, as amended by this act.
- T218 "Registered mortgage loan originator". Section 36a-485, as amended by
- T219 this act.
- T220 "Related person". Section 36a-53.
- T221 "Relocate". Sections 36a-145, as amended by this act, and 36a-462a.
- T222 "Residential mortgage loan". [Sections] Section 36a-485, as amended by
- T223 this act. [and 36a-715.]
- T224 "Residential real estate". Section 36a-485, as amended by this act.
- T225 "Resulting entity". Section 36a-34.
- T226 "Retail buyer". Sections 36a-535 and 36a-770.
- T227 "Retail credit transaction". Section 42-100b.
- T228 "Retail installment contract". Sections 36a-535 and 36a-770.
- T229 "Retail installment sale". Sections 36a-535 and 36a-770.
- T230 "Retail seller". Sections 36a-535 and 36a-770.
- T231 "Reverse annuity mortgage loan". Section 36a-265.
- T232 "Sales finance company". Sections 36a-535 and 36a-770.
- T233 "Savings department". Section 36a-285.
- T234 "Savings deposit". Section 36a-316.
- T235 "Secondary mortgage loan". Section 36a-485, as amended by this act.
- T236 "Security convertible into a voting security". Section 36a-184.
- T237 "Senior management". Section 36a-435b.
- T238 "Settlement agent". Section 36a-494.
- T239 "Share". Section 36a-435b.
- T240 "Simulated check". Section 36a-485, as amended by this act.
- T241 "Single common bond membership". Section 36a-435b.
- T242 "Special mortgage". Section 36a-760c.
- T243 "Social purpose investment". Section 36a-277.
- T244 "Sponsored". Section 36a-485, as amended by this act.
- T245 "Standard mortgage loan". Section 36a-265.
- T246 "Stored value". Section 36a-596.
- T247 ["System". Section 36a-485.]

T248 "Table funding agreement". Section 36a-485, as amended by this act.
T249 "Tax and loan account". Sections 36a-301 and 36a-456b.
T250 "The Savings Bank Life Insurance Company". Section 36a-285.
T251 "Time account". Section 36a-316.
T252 "Travelers check". Section 36a-596.
T253 "Troubled Connecticut credit union". Section 36a-448a.
T254 "Unique identifier". Section 36a-485, as amended by this act.
T255 "Unsecured loan". Section 36a-615.
T256 "Value". Section 36a-603.
T257 "Warehouse agreement". Section 36a-485, as amended by this act.

1314 Sec. 30. Section 36a-485 of the general statutes is repealed and the
1315 following is substituted in lieu thereof (*Effective from passage*):

1316 As used in this section and sections 36a-486 to 36a-498f, inclusive, as
1317 amended by this act, 36a-534a to 36a-534c, inclusive, unless the context
1318 otherwise requires:

1319 (1) "Advance fee" means any consideration paid or given, directly or
1320 indirectly, to a mortgage lender, mortgage correspondent lender or
1321 mortgage broker required to be licensed pursuant to sections 36a-485
1322 to 36a-498f, inclusive, as amended by this act, and sections 36a-534a
1323 and 36a-534b, as amended by this act, prior to the closing of a
1324 residential mortgage loan to any person, including, but not limited to,
1325 loan fees, points, broker's fees or commissions, transaction fees or
1326 similar prepaid finance charges;

1327 (2) "Advertise", "advertisement" or "advertising" means the use of
1328 any announcement, statement, assertion or representation that is
1329 placed before the public in a newspaper, magazine or other
1330 publication, or in the form of a notice, circular, pamphlet, letter or
1331 poster or over any radio or television station, by means of the Internet,
1332 or by other electronic means of distributing information, by personal
1333 contact, or in any other way;

1334 (3) "Branch office" means a location other than the main office at
1335 which a licensee or any person on behalf of a licensee acts as a

1336 mortgage lender, mortgage correspondent lender, [or] mortgage
1337 broker or mortgage loan originator;

1338 (4) "Control person" means an individual that directly or indirectly
1339 exercises control over another person. Any person that (A) is a
1340 director, general partner or executive officer; (B) directly or indirectly
1341 has the right to vote ten per cent or more of a class of any voting
1342 security or has the power to sell or direct the sale of ten per cent or
1343 more of any class of voting securities; (C) in the case of a limited
1344 liability company, is a managing member; or (D) in the case of a
1345 partnership, has the right to receive upon dissolution, or has
1346 contributed, ten per cent or more of the capital, is presumed to be a
1347 control person. For purposes of this subdivision, "control" means the
1348 power, directly or indirectly, to direct the management or policies of a
1349 company, whether through ownership of securities, by contract or
1350 otherwise;

1351 (5) "Depository institution" has the same meaning as provided in
1352 Section 3 of the Federal Deposit Insurance Act, 12 USC 1813, and
1353 includes any Connecticut credit union, federal credit union or out-of-
1354 state credit union;

1355 (6) "Dwelling" has the same meaning as provided in Section 103 of
1356 the Consumer Credit Protection Act, 15 USC 1602;

1357 (7) "Employee" means an individual (A) whose manner and means
1358 of work performance are subject to the right of control of, or are
1359 controlled by, a person, and (B) whose compensation is reported or
1360 required to be reported on a W-2 form issued by the controlling
1361 person. For purposes of the definition of "registered mortgage loan
1362 originator", "employee" has the foregoing meaning or such other
1363 meaning as the federal banking agencies may issue in connection with
1364 such agencies' implementation of such agencies' responsibilities under
1365 the S.A.F.E. Mortgage Licensing Act of 2008, 12 USC 5101 et seq.;

1366 (8) "Federal banking agency" means the Board of Governors of the
1367 Federal Reserve System, the Comptroller of the Currency, the Director

1368 of the Office of Thrift Supervision, the National Credit Union
1369 Administration and the Federal Deposit Insurance Corporation;

1370 (9) "First mortgage loan" means a residential mortgage loan that is
1371 secured by a first mortgage;

1372 (10) "Immediate family member" means a spouse, child, sibling,
1373 parent, grandparent or grandchild and includes stepparents,
1374 stepchildren, stepsiblings and adoptive relationships;

1375 (11) "Independent contractor" means an individual retained on a
1376 basis where the individual is not an employee of any person in
1377 connection with the services such individual provides and whose
1378 compensation is reported or required to be reported on an Internal
1379 Revenue Service Form 1099 issued by the retaining person;

1380 (12) "Individual" means a natural person;

1381 (13) "Loan processor or underwriter" means an individual who
1382 performs clerical or support duties. The term "clerical or support
1383 duties" includes, subsequent to the receipt of an application, (A) the
1384 receipt, collection, distribution and analysis of information common
1385 for the processing or underwriting of a residential mortgage loan, and
1386 (B) communication with a consumer to obtain the information
1387 necessary for the processing or underwriting of a loan to the extent
1388 that such communication does not include offering or negotiating loan
1389 rates or terms or counseling consumers about residential mortgage
1390 loan rates or terms;

1391 (14) "Main office" means the main address designated on the
1392 system;

1393 (15) "Mortgage broker" (A) means a person who (i) for
1394 compensation or gain or with the expectation of compensation or gain
1395 (I) takes a residential mortgage loan application, or (II) offers or
1396 negotiates terms of a residential mortgage loan, and (ii) is not the
1397 prospective source of the funds for the residential mortgage loan, and

1398 (B) [but] does not include (i) an individual who is licensed as a
1399 mortgage loan originator acting as a mortgage loan originator on
1400 behalf of such mortgage loan originator's sponsoring mortgage lender,
1401 mortgage correspondent lender, mortgage broker or exempt registrant,
1402 or (ii) an individual exempt from mortgage loan originator licensure
1403 under subdivision (2) of subsection (b) of section 36a-486, as amended
1404 by this act, when acting within the scope of such exemption;

1405 (16) "Mortgage correspondent lender" means a person engaged in
1406 the business of making residential mortgage loans in such person's
1407 own name where the loans are not held by such person for more than
1408 ninety days and are funded by another person through a warehouse
1409 agreement, table funding agreement or similar agreement;

1410 (17) "Mortgage lender" means a person engaged in the business of
1411 making residential mortgage loans in such person's own name
1412 utilizing such person's own funds or by funding loans through a
1413 warehouse agreement, table funding agreement or similar agreement;

1414 (18) "Mortgage loan originator" means an individual who for
1415 compensation or gain or with the expectation of compensation or gain,
1416 either for such individual or for the person employing or retaining
1417 such individual, (A) takes a residential mortgage loan application, or
1418 (B) offers or negotiates terms of a residential mortgage loan. "Mortgage
1419 loan originator" does not include (i) an individual engaged solely as a
1420 loan processor or underwriter; (ii) a person who only performs real
1421 estate brokerage activities and is licensed in accordance with chapter
1422 392, unless the person is compensated by a mortgage lender, mortgage
1423 correspondent lender, mortgage broker or other mortgage loan
1424 originator or by any agent of such mortgage lender, mortgage
1425 correspondent lender, mortgage broker or other mortgage loan
1426 originator; (iii) a person solely involved in extensions of credit relating
1427 to timeshare plans, as that term is defined in Paragraph 53D of 11 USC
1428 101; or (iv) any individual who solely renegotiates terms for existing
1429 mortgage loans on behalf of a mortgagee and who does not otherwise
1430 act as a mortgage loan originator, unless the United States Department

1431 of Housing and Urban Development, the Bureau of Consumer
1432 Financial Protection or a court of competent jurisdiction determines
1433 that the S.A.F.E. Mortgage Licensing Act of 2008, 12 USC Section 5101
1434 et seq., requires such individual to be licensed as a mortgage loan
1435 originator under state laws implementing said S.A.F.E. Mortgage
1436 Licensing Act;

1437 (19) "Office" means a branch office or a main office;

1438 (20) "Person" means a natural person, corporation, company, limited
1439 liability company, partnership or association;

1440 (21) "Principal amount of the loan" means the gross amount the
1441 borrower is obligated to repay including any prepaid finance charge
1442 that is financed, and any other charge that is financed;

1443 (22) "Real estate brokerage activity" means any activity that involves
1444 offering or providing real estate brokerage services to the public,
1445 including (A) acting as a real estate agent or real estate broker for a
1446 buyer, seller, lessor or lessee of real property; (B) bringing together
1447 parties interested in the sale, purchase, lease, rental or exchange of real
1448 property; (C) negotiating, on behalf of any party, any portion of a
1449 contract relating to the sale, purchase, lease, rental or exchange of real
1450 property, other than in connection with providing financing with
1451 respect to any such transaction; (D) engaging in any activity for which
1452 a person engaged in the activity is required to be registered or licensed
1453 as a real estate agent or real estate broker under any applicable law;
1454 and (E) offering to engage in any activity, or act in any capacity,
1455 described in this subdivision;

1456 (23) "Registered mortgage loan originator" means any individual
1457 who (A) meets the definition of mortgage loan originator and is an
1458 employee of a depository institution, a subsidiary that is owned and
1459 controlled by a depository institution and regulated by a federal
1460 banking agency, or an institution regulated by the Farm Credit
1461 Administration; and (B) is registered with and maintains a unique
1462 identifier through the system;

1463 (24) "Residential mortgage loan" means any loan primarily for
1464 personal, family or household use that is secured by a mortgage, deed
1465 of trust or other equivalent consensual security interest on a dwelling
1466 or residential real estate upon which is constructed or intended to be
1467 constructed a dwelling;

1468 (25) "Residential real estate" means any real property located in this
1469 state, upon which is constructed or intended to be constructed a
1470 dwelling;

1471 (26) "Secondary mortgage loan" means a residential mortgage loan
1472 that is secured, in whole or in part, by a mortgage, provided such
1473 property is subject to one or more prior mortgages;

1474 (27) "Simulated check" means a document that imitates or resembles
1475 a check but is not a negotiable instrument;

1476 (28) "Sponsored" means employed or retained as an independent
1477 contractor;

1478 [(29) "System" means the Nationwide Mortgage Licensing System
1479 and Registry developed and maintained by the Conference of State
1480 Bank Supervisors and the American Association of Residential
1481 Mortgage Regulators for the licensing and registration of mortgage
1482 lenders, mortgage correspondent lenders, mortgage brokers, mortgage
1483 loan originators and loan processors or underwriters;]

1484 [(30)] (29) "Table funding agreement" means an agreement wherein
1485 a person agrees to fund mortgage loans to be made in another person's
1486 name and to purchase such loans after they are made;

1487 [(31)] (30) "Unique identifier" means a number or other identifier
1488 assigned by protocols established by the system; and

1489 [(32)] (31) "Warehouse agreement" means an agreement to provide
1490 credit to a person to enable the person to have funds to make
1491 residential mortgage loans and hold such loans pending sale to other
1492 persons.

1493 Sec. 31. Section 36a-21 of the 2014 supplement to the general statutes
1494 is repealed and the following is substituted in lieu thereof (*Effective*
1495 *from passage*):

1496 (a) Notwithstanding any provision of state law and except as
1497 provided in subsections (b) and (d) of this section and subdivision (2)
1498 of subsection (a) of section 36a-534b, as amended by this act, the
1499 following records of the Department of Banking shall not be disclosed
1500 by the commissioner or any employee of the Department of Banking,
1501 or be subject to public inspection or discovery:

1502 (1) Examination and investigation reports and information
1503 contained in or derived from such reports, including examination
1504 reports prepared by the commissioner or prepared on behalf of or for
1505 the use of the commissioner;

1506 (2) Confidential supervisory or investigative information obtained
1507 from a state, federal or foreign regulatory or law enforcement agency;

1508 (3) Information obtained, collected or prepared in connection with
1509 examinations, inspections or investigations, and complaints from the
1510 public received by the Department of Banking, if such records are
1511 protected from disclosure under federal or state law or, in the opinion
1512 of the commissioner, such records would disclose, or would
1513 reasonably lead to the disclosure of: (A) Investigative information the
1514 disclosure of which would be prejudicial to such investigation, until
1515 such time as the investigation and all related administrative and legal
1516 actions are concluded; (B) personal or financial information, including
1517 account or loan information, without the written consent of the person
1518 or persons to whom the information pertains; or (C) information that
1519 would harm the reputation of any person or affect the safety and
1520 soundness of any person whose activities in this state are subject to the
1521 supervision of the commissioner, and the disclosure of such
1522 information under this subparagraph would not be in the public
1523 interest; and

1524 (4) Information obtained, collected or prepared in connection with

1525 the organization of an expedited Connecticut bank prior to the
1526 issuance of a final certificate of authority to commence the business of
1527 a Connecticut bank pursuant to section 36a-70, as amended by this act.

1528 (b) The commissioner may, without waiving any privilege, disclose
1529 the records described in subsection (a) of this section for any
1530 appropriate supervisory, governmental, law enforcement or other
1531 public purpose. Any such disclosure shall be made under safeguards
1532 designed to prevent further dissemination of such records. In any
1533 proceeding before a court, the court may issue a protective order in
1534 appropriate circumstances to protect the confidentiality of any such
1535 record and order that any such record on file with the court or filed in
1536 connection with the court proceeding be sealed and that the public be
1537 excluded from any portion of the proceeding at which any such record
1538 is disclosed.

1539 (c) No director, officer, employee or agent of any Connecticut bank,
1540 Connecticut credit union or licensee under section 36a-380, as
1541 amended by this act, or 36a-628, as amended by this act, shall disclose
1542 without the prior written consent of the commissioner any information
1543 contained in an examination report about such bank, credit union or
1544 licensee which information is not otherwise a matter of public record.

1545 [(d) (1) The provisions of subsections (a) and (b) of this section shall
1546 not apply to the disclosure of any record provided to or maintained by
1547 the commissioner with the system. Except as otherwise provided in
1548 Section 1512 of the federal S.A.F.E. Mortgage Licensing Act of 2008,
1549 any requirements under federal law or any law of this state, including
1550 this section and chapter 14 and any privilege arising under federal law
1551 or any law of this state, including the rules of any federal court or
1552 court of this state that protect the disclosure of any record provided to
1553 or maintained with the system, shall continue to apply to such record
1554 after it has been disclosed to the system. Such record may be shared
1555 with all state and federal regulatory officials that have oversight
1556 authority over the mortgage industry without the loss of privilege or
1557 the loss of confidentiality protections provided by federal law or the

1558 laws of this state.]

1559 (d) (1) Except as otherwise provided in this section, the
1560 requirements under any federal or state law regarding the privacy or
1561 confidentiality of any information or material provided to the system,
1562 as defined in section 36a-2, as amended by this act, and any privilege
1563 arising under federal or state law, including the rules of any federal or
1564 state court, with respect to such information or material, shall continue
1565 to apply to such information or material after the information or
1566 material has been disclosed to the system. Such information and
1567 material may be shared with all federal and state regulatory officials
1568 with mortgage or other financial services industry oversight authority
1569 without the loss of privilege or the loss of confidentiality protection
1570 provided by federal or state law. For purposes of this subsection, the
1571 commissioner may enter into agreements or sharing arrangements
1572 with other governmental agencies, the Conference of State Bank
1573 Supervisors, the American Association of Residential Mortgage
1574 Regulators or associations representing governmental agencies.

1575 (2) Any information or material that is [protected from disclosure]
1576 under subdivision (1) of this subsection subject to privilege or
1577 confidentiality shall not be subject to (A) disclosure under any federal
1578 or state law governing disclosure to the public of information held by
1579 an officer or agency of the federal government or the respective state;
1580 or (B) subpoena, discovery or admission into evidence in any private
1581 civil action or administrative process, except a person may, at such
1582 person's discretion, waive in whole or in part a privilege held by the
1583 system concerning such information and material.

1584 (3) Any law of this state relating to the disclosure of confidential
1585 supervisory information or of any information or material described in
1586 subdivision (1) of this subsection that is inconsistent with subdivision
1587 (1) shall be superseded by the requirements of this subsection.

1588 (e) The confidentiality provisions of this section shall not apply to
1589 records relating to the employment history of, and publicly

1590 adjudicated disciplinary and enforcement actions against, [mortgage
1591 loan originators or loan processors or underwriters] persons that are
1592 included in the system for access by the public.

1593 [(f) For purposes of this section, "system" has the same meaning as
1594 provided in section 36a-485.]

1595 Sec. 32. Subsection (c) of section 36a-51 of the general statutes is
1596 repealed and the following is substituted in lieu thereof (*Effective from*
1597 *passage*):

1598 (c) Any licensee may surrender any license issued by the
1599 commissioner under any provision of the general statutes by
1600 surrendering the license to the commissioner in person or by
1601 registered or certified mail, provided, in the case of a license issued
1602 [pursuant to part I of chapter 668] through the system, as defined in
1603 section 36a-2, as amended by this act, such surrender shall be initiated
1604 by filing a request to surrender on the system. [, as defined in section
1605 36a-485, in accordance with section 36a-490.] No surrender on the
1606 system shall be effective until the request to surrender is accepted by
1607 the commissioner. Surrender of a license shall not affect the licensee's
1608 civil or criminal liability, or affect the commissioner's ability to impose
1609 an administrative penalty on the licensee pursuant to section 36a-50 for
1610 acts committed prior to the surrender. If, prior to receiving the license,
1611 or, in the case of a license issued [pursuant to part I of chapter 668,]
1612 through the system prior to the filing of a request to surrender a
1613 license, [under section 36a-490,] the commissioner has instituted a
1614 proceeding to suspend, revoke or refuse to renew such license, such
1615 surrender or request to surrender will not become effective except at
1616 such time and under such conditions as the commissioner by order
1617 determines. If no proceeding is pending or has been instituted by the
1618 commissioner at the time of surrender, or, in the case of a license
1619 issued [pursuant to part I of chapter 668] through the system, at the
1620 time a request to surrender is filed, the commissioner may still institute
1621 a proceeding to suspend, revoke or refuse to renew a license under
1622 subsection (a) of this section up to the date one year after the date of

1623 receipt of the license by the commissioner, or, in the case of a license
1624 issued [pursuant to part I of chapter 668] through the system, up to the
1625 date one year after the date of the acceptance by the commissioner of a
1626 request to surrender a license. [under section 36a-490.]

1627 Sec. 33. (NEW) (*Effective October 1, 2014*) (a) In addition to any other
1628 duties imposed upon the Banking Commissioner by law, the
1629 commissioner is authorized to require persons engaged in a financial
1630 services industry subject to the commissioner's jurisdiction to be
1631 licensed or registered through the system, as defined in section 36a-2
1632 of the general statutes, as amended by this act.

1633 (b) In the event the commissioner elects to require system-based
1634 licensure for persons engaged in a financial services industry subject to
1635 the commissioner's jurisdiction, the commissioner shall require all
1636 initial or renewal applications for such licenses or registrations in this
1637 state to be made and processed through the system in such form as the
1638 commissioner may prescribe, and the system shall be authorized to
1639 receive and maintain records related to such licenses or registrations to
1640 the same extent allowed or required to be maintained by the
1641 commissioner. For this purpose, the commissioner may establish
1642 requirements by order as necessary for participation in the system,
1643 including, but not limited to: (1) Background checks, including in the
1644 case of any form of business organization, checks on the individuals
1645 comprising the ownership or management of such organization, for
1646 criminal history through (A) fingerprint submission to the Federal
1647 Bureau of Investigation or other state, national or international
1648 criminal databases, (B) civil, criminal or administrative records from
1649 any governmental jurisdiction, (C) credit history, including an
1650 independent credit report obtained from a consumer reporting agency
1651 described in Section 603(p) of the Fair Credit Reporting Act, 15 USC
1652 1681a, or (D) any other information as deemed necessary by the
1653 system; (2) the payment of fees to apply for or renew licenses or
1654 registrations through the system; (3) the setting or resetting of license
1655 expiration, renewal or transition dates or reporting dates or forms; and
1656 (4) the requirements for amending or surrendering a license or any

1657 other such activities as the commissioner deems necessary for
1658 participation in the system. Such information may thereafter be used
1659 by the commissioner to determine an applicant's eligibility for
1660 licensing under applicable law and any order issued by the
1661 commissioner pursuant to this section. For the purpose of participating
1662 in the system, the commissioner may by order waive or modify, in
1663 whole or in part, any applicable requirement of title 36a of the general
1664 statutes and establish new requirements as reasonably necessary. For
1665 the purpose of implementing an orderly and efficient licensing
1666 process, the commissioner may adopt licensing regulations, in
1667 accordance with the provisions of chapter 54 of the general statutes,
1668 and interim procedures for licensing and acceptance of applications.

1669 (c) In the event the commissioner elects to require system-based
1670 licensure for persons engaged in financial services industries subject to
1671 the commissioner's jurisdiction, the commissioner may report
1672 regularly to the system violations of and enforcement actions under
1673 applicable law and other relevant information. The commissioner may
1674 establish relationships or enter into contracts with the system or other
1675 entities designated by the system to collect and maintain records and
1676 process transaction fees or other fees related to licensees or other
1677 persons required or permitted to be licensed or registered on the
1678 system.

1679 (d) To reduce the points of contact that the commissioner or the
1680 Federal Bureau of Investigation may have to maintain for purposes of
1681 title 36a of the general statutes, the commissioner may use the system
1682 as a channeling agent for requesting information from and distributing
1683 information to the United States Department of Justice, any
1684 governmental agency or any other source as directed by the
1685 commissioner.

1686 (e) A person required or permitted to be licensed or registered on
1687 the system may challenge information entered into the system by the
1688 commissioner. Such challenge shall (1) be made in writing to the
1689 commissioner, (2) set forth the specific information being challenged,

1690 and (3) include any evidence which supports the challenge. A
1691 challenge shall be limited to the factual accuracy of information within
1692 the system. If the commissioner determines that the information
1693 entered into the system is factually inaccurate, the commissioner shall
1694 take prompt action to correct such information. Nothing in this
1695 subsection shall be construed to permit a challenge under this section
1696 to the merits or factual basis of any administrative action taken by the
1697 commissioner pursuant to title 36a of the general statutes.

1698 (f) A person making any filing or submission of any information on
1699 the system shall do so in accordance with the procedures and
1700 requirements of the system and shall pay applicable fees or charges to
1701 the system. Each person required to obtain registration or licensure
1702 through the system shall timely submit to the system accurate reports
1703 that shall be in such form and contain such information as the system
1704 may require.

1705 (g) All fees paid for any initial application for a license or
1706 registration or for a renewal application for a license or registration,
1707 including, but not limited to, fees paid in connection with an
1708 application that is denied or withdrawn prior to the issuance of the
1709 license or registration, shall be nonrefundable. No fee shall be prorated
1710 if the license or registration is surrendered, revoked or suspended
1711 prior to the expiration of the period for which it was approved.

1712 (h) The commissioner may automatically suspend a license or
1713 registration of a person on the system if such person receives a
1714 deficiency on the system indicating that a required payment was
1715 Returned-ACH or returned pursuant to any other term as may be
1716 utilized by the system to indicate that payment was not accepted. After
1717 a license or registration has been automatically suspended pursuant to
1718 this subsection, the commissioner shall give such licensee or registrant
1719 notice of the automatic suspension, pending proceedings for
1720 revocation or refusal to renew and an opportunity for a hearing on
1721 such action in accordance with section 36a-51 of the general statutes, as
1722 amended by this act, and require such licensee to take or refrain from

1723 taking such action that, in the opinion of the commissioner, will
1724 effectuate the purposes of this subsection.

1725 (i) The commissioner may deem an application for a license or
1726 registration on the system abandoned if the applicant fails to respond
1727 to any request for required information. The commissioner shall notify
1728 the applicant on the system that if such information is not submitted
1729 within sixty days of the date of such request the application shall be
1730 deemed abandoned. An application filing fee paid prior to the date an
1731 application is deemed abandoned pursuant to this subsection shall not
1732 be refunded. Abandonment of an application pursuant to this
1733 subsection shall not preclude the applicant from submitting a new
1734 application for a license or registration.

1735 (j) The commissioner may issue a temporary order to cease business
1736 under a license or registration if the commissioner determines that
1737 such license or registration was issued erroneously. The commissioner
1738 shall give the licensee an opportunity for a hearing on such action in
1739 accordance with section 36a-52 of the general statutes. Such temporary
1740 order shall become effective upon receipt by the licensee and, unless
1741 set aside or modified by a court, shall remain in effect until the
1742 effective date of a permanent order or dismissal of the matters asserted
1743 in the notice.

1744 Sec. 34. Subdivision (2) of subsection (b) of section 36a-486 of the
1745 general statutes is repealed and the following is substituted in lieu
1746 thereof (*Effective October 1, 2014*):

1747 (2) The following are exempt from this section: (A) A registered
1748 mortgage loan originator or an employee of an institution or
1749 subsidiary described in subdivision (23) of section 36a-485, as
1750 amended by this act, who is not required to be registered under
1751 Section 1507 of the S.A.F.E. Mortgage Licensing Act of 2008, 12 USC
1752 Section 5101 et seq., when acting for such institution or subsidiary; (B)
1753 an individual who offers or negotiates the terms of a residential
1754 mortgage loan with or on behalf of an immediate family member of

1755 such individual; (C) an individual who offers or negotiates the terms of
1756 a residential mortgage loan secured by a dwelling that served as the
1757 individual's residence, unless the context demonstrates that such
1758 individual engaged in such activities with a degree of habitualness or
1759 repetition; (D) a Connecticut licensed attorney who negotiates the
1760 terms of a residential mortgage loan on behalf of a client as an ancillary
1761 matter to the attorney's representation of the client, unless the attorney
1762 is compensated by a mortgage lender, mortgage correspondent lender,
1763 mortgage broker or other mortgage loan originator or by any agent of
1764 such mortgage lender, mortgage correspondent lender, mortgage
1765 broker or other mortgage loan originator; (E) an individual who takes
1766 a residential mortgage loan application or offers or negotiates terms of
1767 a residential mortgage loan as an employee of a federal, state or local
1768 government agency or housing finance agency exempt from licensure
1769 pursuant to section 36a-487, as amended by this act, and who does so
1770 only pursuant to such individual's official duties as an employee of
1771 such agency; (F) an individual who takes a residential mortgage loan
1772 application or offers or negotiates terms of a residential mortgage loan
1773 as an employee of an organization that has obtained bona fide
1774 nonprofit status from the commissioner and is exempt from licensure
1775 pursuant to section 36a-487, as amended by this act, and who does so
1776 only pursuant to such individual's official duties as an employee of
1777 such organization; and (G) an individual who offers or negotiates the
1778 terms of a residential mortgage loan secured by a dwelling that is not
1779 the individual's residence but is owned by such individual, unless the
1780 context demonstrates that such individual engaged in such activities
1781 with a degree of habitualness or repetition.

1782 Sec. 35. Subdivision (10) of section 36a-498e of the general statutes is
1783 repealed and the following is substituted in lieu thereof (*Effective*
1784 *October 1, 2014*):

1785 (10) Negligently make any false statement or knowingly and
1786 wilfully make any omission of material fact in connection with any
1787 information or reports filed with a governmental agency or the system,
1788 as defined in section [36a-485] 36a-2, as amended by this act, or in

1789 connection with any investigation conducted by the [Banking
1790 Commissioner] commissioner or another governmental agency;

1791 Sec. 36. Section 36a-489a of the general statutes is repealed and the
1792 following is substituted in lieu thereof (*Effective October 1, 2014*):

1793 (a) (1) In order to meet the prelicensing education and testing
1794 requirements referred to in sections 36a-488 and 36a-489, an individual
1795 shall complete at least [twenty] twenty-one hours of education
1796 approved in accordance with subdivision (2) of this subsection, which
1797 shall include at least (A) three hours of instruction on relevant federal
1798 law and regulations; (B) three hours of ethics, including instruction on
1799 fraud, consumer protection and fair lending issues; [and] (C) two
1800 hours of training related to lending standards for the nontraditional
1801 mortgage product marketplace; and (D) one hour of relevant
1802 Connecticut law.

1803 (2) For purposes of subdivision (1) of this subsection, prelicensing
1804 education courses shall be reviewed and approved by the system
1805 based upon reasonable standards. Review and approval of a
1806 prelicensing education course shall include review and approval of the
1807 course provider.

1808 (3) Nothing in this subsection shall preclude any prelicensing
1809 education course, as approved by the system, that is provided by the
1810 sponsor or employer of the individual or an entity which is affiliated
1811 with the individual by an agency contract, or any subsidiary or affiliate
1812 of such sponsor, employer or entity.

1813 (4) Prelicensing education may be offered either in a classroom,
1814 online or by any other means approved by the system.

1815 (5) When prelicensing education requirements described in
1816 subdivision (1) of this subsection are completed in another state, such
1817 out-of-state prelicensing education requirements shall be accepted as
1818 credit towards completion of the prelicensing education requirements
1819 of this state, provided such out-of-state prelicensing education

1820 requirements are approved by the system.

1821 (6) (A) An individual previously licensed under section 36a-489,
1822 subsequent to the applicable effective date of the prelicensing and
1823 testing requirements referred to in section 36a-489, who is applying to
1824 be relicensed shall prove that such individual has completed all of the
1825 continuing education requirements for the year in which the license
1826 was last held.

1827 (B) An individual who previously held a position as a qualified
1828 individual or branch manager subsequent to the applicable effective
1829 date of the prelicensing and testing requirements referred to in section
1830 36a-488, at a time when such individual was not required to be
1831 licensed as a mortgage loan originator, may not hold such position
1832 again until such individual has completed all of the continuing
1833 education requirements for the year in which such individual last held
1834 such position and, effective November 1, 2012, has obtained the
1835 required mortgage loan originator license.

1836 (b) (1) In order to meet the written test requirements referred to in
1837 sections 36a-488 and 36a-489, an individual shall pass, in accordance
1838 with the standards established under this subsection, a qualified
1839 written test developed by the system and administered by a test
1840 provider approved by the system based upon reasonable standards.

1841 (2) A written test shall not be treated as a qualified written test for
1842 purposes of subdivision (1) of this subsection unless the test
1843 adequately measures the individual's knowledge and comprehension
1844 in appropriate subject areas, including ethics, federal law and
1845 regulation pertaining to mortgage origination, state law and regulation
1846 pertaining to mortgage origination, and federal and state law and
1847 regulation, including instruction on fraud, consumer protection, the
1848 nontraditional mortgage marketplace and fair lending issues.

1849 (3) Nothing in this subsection shall prohibit a test provider
1850 approved by the system from providing a test at the location of the
1851 sponsor or employer, any subsidiary or affiliate of the sponsor or

1852 employer or any entity with which the individual holds an exclusive
1853 arrangement to conduct the business of a mortgage loan originator.

1854 (4) (A) An individual shall not be considered to have passed a
1855 qualified written test unless the individual achieves a test score of not
1856 less than seventy-five per cent correct answers to questions.

1857 (B) An individual may retake a test three consecutive times with
1858 each consecutive taking occurring at least thirty days after the
1859 preceding test. After failing three consecutive tests, an individual shall
1860 wait at least six months before taking the test again.

1861 (C) (i) An individual who was licensed subsequent to the applicable
1862 effective date of the prelicensing and testing requirements referred to
1863 in section 36a-489 who has not been licensed as a mortgage loan
1864 originator within the five-year period preceding the date of the filing
1865 of such individual's application for a mortgage loan originator license,
1866 not taking into account any time during which such individual is a
1867 registered mortgage loan originator, shall retake such test; and (ii)
1868 effective October 1, 2011, an individual licensed as a loan processor or
1869 underwriter who applies to be licensed again shall retake the test if
1870 such individual has not been licensed as a loan processor or
1871 underwriter within the five-year period preceding the date of the filing
1872 of such application, not taking into account any time during which
1873 such individual is engaged in loan processing or underwriting but not
1874 required to be licensed under subdivision (3) of subsection (b) of
1875 section 36a-486.

1876 (c) (1) In order to meet the annual continuing education
1877 requirements referred to in subsections (a) and (b) of section 36a-489, a
1878 licensed mortgage loan originator, a qualified individual or branch
1879 manager and, effective October 1, 2011, a licensed loan processor or
1880 underwriter, shall complete at least eight hours of education approved
1881 in accordance with subdivision (2) of this subsection. Such courses
1882 shall include at least (A) three hours of instruction on relevant federal
1883 law and regulation; (B) two hours of ethics, including instruction on

1884 fraud, consumer protection and fair lending issues; [and] (C) two
1885 hours of training related to lending standards for the nontraditional
1886 mortgage product marketplace; and (D) effective January 1, 2015, one
1887 hour of relevant Connecticut law.

1888 (2) For purposes of subdivision (1) of this subsection, continuing
1889 education courses shall be reviewed and approved by the system
1890 based upon reasonable standards. Review and approval of a
1891 continuing education course shall include review and approval of the
1892 course provider.

1893 (3) Nothing in this subsection shall preclude any education course
1894 approved by the system that is provided by the sponsor or employer
1895 or an entity that is affiliated with the mortgage loan originator,
1896 qualified individual or branch manager or, effective October 1, 2011,
1897 loan processor or underwriter by an agency contract, or by any
1898 subsidiary or affiliate of such sponsor, employer or entity.

1899 (4) Continuing education may be offered either in a classroom,
1900 online or by any other means approved by the system.

1901 (5) Except as provided in procedures adopted under subsections (a)
1902 and (b) of section 36a-489 or in regulations adopted under subdivision
1903 (9) of this subsection, a licensed mortgage loan originator, qualified
1904 individual or branch manager or, effective October 1, 2011, a licensed
1905 loan processor or underwriter, may only receive credit for a continuing
1906 education course in the year for which the course is taken, and may not
1907 take the same approved course in the same or successive years to meet
1908 the annual requirements for continuing education.

1909 (6) A licensed mortgage loan originator or a qualified individual or
1910 branch manager or, effective October 1, 2011, a licensed loan processor
1911 or underwriter who is an approved instructor of an approved
1912 continuing education course may receive credit for the licensee's own
1913 annual continuing education requirement at the rate of two hours
1914 credit for every one hour taught.

1915 (7) When education requirements described in subdivision (1) of
1916 subsection (a) of this section are completed in another state, such out-
1917 of-state education requirements shall be accepted as credit towards
1918 completion of the education requirements of this state, provided such
1919 out-of-state education requirements are approved by the system.

1920 (8) A licensed mortgage loan originator and, effective October 1,
1921 2011, a licensed loan processor or underwriter who subsequently
1922 becomes unlicensed must complete the continuing education
1923 requirements for the last year in which the license was held prior to
1924 issuance of an initial or renewed license. A qualified individual or
1925 branch manager who ceases to hold such position shall complete the
1926 continuing education requirements for the last year in which such
1927 individual or branch manager held such position prior to licensure as a
1928 mortgage loan originator.

1929 (9) A person who meets the requirements of subparagraphs (A)(i)
1930 and (A)(iii) of subdivision (2) of subsection (a) or (b) of section 36a-489
1931 may compensate for any deficiency in an individual's continuing
1932 education requirements pursuant to regulations adopted by the
1933 commissioner.

1934 (d) For purposes of this section "nontraditional mortgage product"
1935 means any mortgage product other than a thirty-year fixed rate
1936 mortgage.

1937 Sec. 37. Section 49-31l of the 2014 supplement to the general statutes
1938 is repealed and the following is substituted in lieu thereof (*Effective*
1939 *from passage*):

1940 (a) Prior to July 1, [2014] 2016: (1) Any action for the foreclosure of a
1941 mortgage on residential real property with a return date during the
1942 period from July 1, 2008, to June 30, 2009, inclusive, shall be subject to
1943 the provisions of subsection (b) of this section, and (2) any action for
1944 the foreclosure of a mortgage on (A) residential real property with a
1945 return date during the period from July 1, 2009, to June 30, [2014] 2016,
1946 inclusive, or (B) real property owned by a religious organization with a

1947 return date during the period from October 1, 2011, to June 30, [2014]
1948 2016, inclusive, shall be subject to the provisions of subsection (c) of
1949 this section.

1950 (b) (1) Prior to July 1, [2014] 2016, when a mortgagee commences an
1951 action for the foreclosure of a mortgage on residential real property
1952 with a return date during the period from July 1, 2008, to June 30, 2009,
1953 inclusive, the mortgagee shall give notice to the mortgagor of the
1954 foreclosure mediation program established in section 49-31m by
1955 attaching to the front of the foreclosure complaint that is served on the
1956 mortgagor: (A) A copy of the notice of the availability of foreclosure
1957 mediation, in such form as the Chief Court Administrator prescribes,
1958 and (B) a foreclosure mediation request form, in such form as the Chief
1959 Court Administrator prescribes.

1960 (2) Except as provided in subdivision (3) of this subsection, a
1961 mortgagor may request foreclosure mediation by submitting the
1962 foreclosure mediation request form to the court and filing an
1963 appearance not more than fifteen days after the return date for the
1964 foreclosure action. Upon receipt of the foreclosure mediation request
1965 form, the court shall notify each appearing party that a foreclosure
1966 mediation request form has been submitted by the mortgagor.

1967 (3) The court may grant a mortgagor permission to submit a
1968 foreclosure mediation request form and file an appearance after the
1969 fifteen-day period established in subdivision (2) of this subsection, for
1970 good cause shown.

1971 (4) No foreclosure mediation request form may be submitted to the
1972 court under this subsection on or after July 1, [2014] 2016.

1973 (5) If at any time on or after July 1, 2008, but prior to July 1, [2014]
1974 2016, the court determines that the notice requirement of subdivision
1975 (1) of this subsection has not been met, the court may, upon its own
1976 motion or upon the written motion of the mortgagor, issue an order
1977 that no judgment may enter for fifteen days during which period the
1978 mortgagor may submit a foreclosure mediation request form to the

1979 court.

1980 (6) Notwithstanding any provision of the general statutes or any
1981 rule of law to the contrary, prior to July 1, [2014] 2016, no judgment of
1982 strict foreclosure nor any judgment ordering a foreclosure sale shall be
1983 entered in any action subject to the provisions of this subsection and
1984 instituted by the mortgagee to foreclose a mortgage on residential real
1985 property unless: (A) Notice to the mortgagor has been given by the
1986 mortgagee in accordance with subdivision (1) of this subsection and
1987 the time for submitting a foreclosure mediation request form has
1988 expired and no foreclosure mediation request form has been
1989 submitted, or if such notice has not been given, the time for submitting
1990 a foreclosure mediation request form pursuant to subdivision (2) or (3)
1991 of this subsection has expired and no foreclosure mediation request
1992 form has been submitted, or (B) the mediation period set forth in
1993 [subdivision] subsection (b) of section 49-31n, as amended by this act,
1994 has expired or has otherwise terminated, whichever is earlier.

1995 (7) None of the mortgagor's or mortgagee's rights in the foreclosure
1996 action shall be waived by the mortgagor's submission of a foreclosure
1997 mediation request form to the court.

1998 (c) (1) Prior to July 1, [2014] 2016, when a mortgagee commences an
1999 action for the foreclosure of a mortgage on residential real property
2000 with a return date on or after July 1, 2009, or, with respect to real
2001 property owned by a religious organization, a return date on or after
2002 October 1, 2011, the mortgagee shall give notice to the mortgagor of
2003 the foreclosure mediation program established in section 49-31m by
2004 attaching to the front of the writ, summons and complaint that is
2005 served on the mortgagor: (A) A copy of the notice of foreclosure
2006 mediation, in such form as the Chief Court Administrator prescribes,
2007 (B) a copy of the foreclosure mediation certificate form described in
2008 subdivision (3) of this subsection, in such form as the Chief Court
2009 Administrator prescribes, (C) a blank appearance form, in such form as
2010 the Chief Court Administrator prescribes, (D) with respect to an action
2011 for the foreclosure of a mortgage on residential real property with a

2012 return date on or after October 1, 2011, to September 30, 2013,
2013 inclusive, a mediation information form and a notice containing
2014 contact information for authority-approved consumer credit
2015 counseling agencies, which form and notice shall be in such form as
2016 the Chief Court Administrator prescribes, and which form shall be
2017 designed to elicit current financial information and such other
2018 nonfinancial information from the mortgagor as the Chief Court
2019 Administrator, in consultation with representatives from the banking
2020 industry and consumer advocates, determines will further the
2021 objectives of the mediation program. The Chief Court Administrator
2022 shall develop a premediation review protocol pursuant to which the
2023 mediator shall request that any documents submitted to the mediator
2024 for initial review that are incomplete, contain errors or are likely to be
2025 found unacceptable by the mortgagee be completed or corrected and
2026 that the completed or corrected documents be resubmitted to the
2027 mediator for review. Such premediation review, including any
2028 recommendations to complete or correct documents, shall not be
2029 construed to be the practice of law on behalf of any party to the
2030 mediation or the provision of legal advice by the mediator. The
2031 instructions to the mediation information form shall explain that the
2032 completed mediation information form, along with accompanying
2033 documentation reasonably requested from the mortgagor by way of
2034 such instructions, shall be delivered to the mortgagee's counsel not
2035 later than fifteen business days prior to the date of the initial mediation
2036 session, as identified in the notice provided pursuant to subdivision (2)
2037 of subsection (c) of section 49-31n, as amended by this act, and (E) for
2038 an action to foreclose a mortgage on residential real property with a
2039 return date on or after October 1, 2013, the mediation information form
2040 shall instruct the mortgagor as to the objectives of the mediation
2041 program, explain the preliminary process of meeting with the
2042 mediator as described in subdivision (4) of this subsection, instruct the
2043 mortgagor to begin gathering financial documentation commonly used
2044 in foreclosure mediation for use in meeting with the mediator and in
2045 mediation, and include a notice containing contact information for
2046 authority-approved consumer counseling agencies, which shall be in

2047 such form as the Chief Court Administrator prescribes. The content of
2048 the mediation information form shall be designed by the Chief Court
2049 Administrator in consultation with representatives from the banking
2050 industry and consumer advocates.

2051 (2) The court shall issue a notice of foreclosure mediation described
2052 in subdivision (3) of this subsection to the mortgagor not later than the
2053 date three business days after the date the mortgagee returns the writ
2054 to the court.

2055 (3) The notice of foreclosure mediation shall instruct the mortgagor
2056 to file the appearance and foreclosure mediation certificate forms with
2057 the court not later than the date fifteen days from the return date for
2058 the foreclosure action. With respect to actions with a return date on or
2059 after October 1, 2011, to September 30, 2013, inclusive, such notice shall
2060 remind the mortgagor to deliver the completed mediation information
2061 form and the accompanying documentation described in subdivision
2062 (1) of this subsection and encourage such delivery in advance of the
2063 required date. With respect to actions with a return date on or after
2064 October 1, 2013, to June 30, [2014] 2016, inclusive, such notice shall
2065 instruct the mortgagor to begin gathering financial information
2066 commonly used in foreclosure mediation for use in meeting with the
2067 mediator and in mediation. The mediation information form and
2068 accompanying documentation shall not, without the explicit written
2069 instruction of the mortgagor, be publicly available. Such notice of
2070 foreclosure mediation shall be accompanied by materials from the
2071 Department of Banking, as prescribed by the Chief Court
2072 Administrator, which shall describe the community-based resources
2073 available to the mortgagor, including authority-approved housing
2074 counseling agencies that may assist with preparation for mediation
2075 and application for mortgage assistance programs. The foreclosure
2076 mediation certificate form shall require the mortgagor to provide
2077 sufficient information to permit the court to confirm that the defendant
2078 in the foreclosure action is a mortgagor, and to certify that said
2079 mortgagor has sent a copy of the mediation certificate form to the
2080 plaintiff in the action.

2081 (4) Upon receipt of the mortgagor's appearance and foreclosure
2082 mediation certificate forms, and provided the court confirms the
2083 defendant in the foreclosure action is a mortgagor and that said
2084 mortgagor has sent a copy of the mediation certificate form to the
2085 plaintiff, the court shall assign the case to mediation and issue notice of
2086 such assignment to all appearing parties, which notice shall include an
2087 electronic mail address for all communications related to the
2088 mediation. The court shall issue such notice not earlier than the date
2089 five business days after the return date or by the date three business
2090 days after the date on which the court receives the mortgagor's
2091 appearance and foreclosure mediation certificate forms, whichever is
2092 later, except that if the court does not receive the appearance and
2093 foreclosure mediation certificate forms from the mortgagor by the date
2094 fifteen days after the return date for the foreclosure action, the court
2095 shall not assign the case to mediation. Promptly upon receipt of the
2096 notice of assignment, but not later than the thirty-fifth day following
2097 the return date, the mortgagee or its counsel shall deliver to the
2098 mediator, via the electronic mail address provided for communications
2099 related to the mediation, and to the mortgagor, via first class, priority
2100 or overnight mail, (A) an account history identifying all credits and
2101 debits assessed to the loan account and any related escrow account in
2102 the immediately preceding twelve-month period and an itemized
2103 statement of the amount required to reinstate the mortgage loan with
2104 accompanying information, written in plain language, to explain any
2105 codes used in the history and statement which are not otherwise self-
2106 explanatory, (B) the name, business mailing address, electronic mail
2107 address, facsimile number and direct telephone number of an
2108 individual able to respond with reasonable adequacy and promptness
2109 to questions relative to the information submitted to the mediator
2110 pursuant to this subdivision, and any subsequent updates to such
2111 contact information, which shall be provided reasonably promptly to
2112 the mediator via the electronic mail address provided for
2113 communication related to the mediation, (C) all reasonably necessary
2114 forms and a list of all documentation reasonably necessary for the
2115 mortgagee to evaluate the mortgagor for common alternatives to

2116 foreclosure that are available through the mortgagee, if any, (D) a copy
2117 of the note and mortgage, (E) summary information regarding the
2118 status of any pending foreclosure avoidance efforts being undertaken
2119 by the mortgagee, (F) a copy of any loss mitigation affidavit filed with
2120 the court, and (G) at the mortgagee's option, (i) the history of
2121 foreclosure avoidance efforts with respect to the mortgagor, (ii)
2122 information regarding the condition of mortgaged property, and (iii)
2123 such other information as the mortgagee may determine is relevant to
2124 meeting the objectives of the mediation program. Following the
2125 mediator's receipt of such information, the court shall assign a
2126 mediator to the mediation and schedule a meeting with the mediator
2127 and the mortgagor and shall endeavor to schedule such meeting on or
2128 prior to the forty-ninth day following the return date. The notice of
2129 such meeting shall instruct the mortgagor to complete the forms prior
2130 to the meeting and to furnish such forms together with the
2131 documentation contained in the list, as provided by the mortgagee
2132 following the filing of the foreclosure mediation certificate, at the
2133 meeting. At such meeting, the mediator shall review such forms and
2134 documentation with the mortgagor, along with the information
2135 supplied by the mortgagee, in order to discuss the options that may be
2136 available to the mortgagor, including any community-based resources,
2137 and assist the mortgagor in completing the forms and furnishing the
2138 documentation necessary for the mortgagee to evaluate the mortgagor
2139 for alternatives to foreclosure. The mediator may elect to schedule
2140 subsequent meetings with the mortgagor and determine whether any
2141 mortgagor may be excused from an in-person appearance at such
2142 subsequent meeting. As soon as practicable, but in no case later than
2143 the eighty-fourth day following the return date, the mediator shall
2144 facilitate and confirm the submission by the mortgagor of the forms
2145 and documentation to the mortgagee's counsel via electronic means
2146 and, at the mortgagee's election, directly to the mortgagee per the
2147 mortgagee's instruction, and determine, based on the mortgagor's
2148 attendance at the meetings and the extent the mortgagor completed the
2149 forms and furnished the documentation contemplated in this
2150 subdivision, or failed to perform such tasks through no material fault

2151 of the mortgagee, and file a report with the court indicating, (I)
2152 whether mediation shall be scheduled with the mortgagee, (II) whether
2153 the mortgagor attended scheduled meetings with the mediator, (III)
2154 whether the mortgagor fully or substantially completed the forms and
2155 furnished the documentation requested by the mortgagee, (IV) the
2156 date on which the mortgagee supplied the forms and documentation,
2157 and (V) any other information the mediator determines to be relevant
2158 to the objectives of the mediation program. No meeting or
2159 communication between the mediator and mortgagor under this
2160 subdivision shall be treated as an impermissible ex parte
2161 communication. If the mediator determines that the mortgagee shall
2162 participate in mediation, the court shall promptly issue notice to all
2163 parties of such determination and schedule a mediation session
2164 between the mortgagee and mortgagor in accordance with subsection
2165 (c) of section 49-31n, as amended by this act, to be held not later than
2166 five weeks following the submission to the mortgagee of the forms and
2167 documentation contemplated in this subdivision. If the mediator
2168 determines that no sessions between the mortgagee and mortgagor
2169 shall be scheduled, the court shall promptly issue notice to all parties
2170 regarding such determination and mediation shall be terminated. Any
2171 mortgagor wishing to contest such determination shall petition the
2172 court and show good cause for reinclusion in the mediation program,
2173 including, but not limited to, a material change in financial
2174 circumstances or a mistake or misunderstanding of the facts by the
2175 mediator.

2176 (5) Notwithstanding the provisions of this subsection, the court may
2177 refer a foreclosure action brought by a mortgagee to the foreclosure
2178 mediation program at any time, for good cause shown, provided the
2179 mortgagor has filed an appearance in said action and further provided
2180 the court shall, not later than the date three business days after the date
2181 on which it makes such referral, send a notice to each appearing party
2182 assigning the case to mediation and requiring the parties to participate
2183 in the premediation process described in subdivision (4) of this
2184 subsection, with the court establishing deadlines to ensure that the

2185 premediation process is to be completed by the parties as
2186 expeditiously as the circumstances warrant and permit. When
2187 determining whether good cause exists, the court shall consider
2188 whether the parties are likely to benefit from mediation and, in the
2189 case of a referral after prior attempts at mediation have been
2190 terminated, whether there has been a material change in
2191 circumstances.

2192 (6) Notwithstanding any provision of the general statutes or any
2193 rule of law, prior to July 1, [2014] 2016, (A) for the period of time which
2194 shall not exceed eight months from the return date, the mortgagor
2195 shall be permitted to file an answer, special defenses or counterclaims,
2196 but no mortgagee or mortgagor shall make any motion, request or
2197 demand with respect to the other, except those motions, requests or
2198 demands that relate to the mediation program described in section 49-
2199 31m and the mediation sessions held pursuant to such program,
2200 provided (i) a mortgagor seeking to contest the court's jurisdiction may
2201 file a motion to dismiss and the mortgagee may object to such motion
2202 to dismiss in accordance with applicable law and the rules of the
2203 courts, and (ii) if the mortgagor elects to make any other motion,
2204 request or demand with respect to the mortgagee, the eight-month
2205 limit shall no longer apply to either party; and (B) no judgment of strict
2206 foreclosure nor any judgment ordering a foreclosure sale shall be
2207 entered in any action subject to the provisions of this subsection and
2208 instituted by the mortgagee to foreclose a mortgage on residential real
2209 property or real property owned by a religious organization unless: (i)
2210 The mediation period set forth in subsection (c) of section 49-31n, as
2211 amended by this act, has expired or has otherwise terminated,
2212 whichever is earlier, and, if fewer than eight months has elapsed from
2213 the return date at the time of termination, fifteen days have elapsed
2214 since such termination and any pending motion or request to extend
2215 the mediation period has been heard and denied by the court, or (ii)
2216 the mediation program is not otherwise required or available. Nothing
2217 in this subdivision shall affect any motion made or any default or
2218 judgment entered on or before June 30, 2011.

2219 (7) With respect to foreclosure actions with a return date on or after
2220 July 1, 2011, to June 30, [2014] 2016, inclusive, notwithstanding any
2221 provision of the general statutes or any rule of law to the contrary, the
2222 mortgagee shall be permitted following the eight-month or fifteen-day
2223 period described in subdivision (6) of this subsection, to
2224 simultaneously file, as applicable, (A) a motion for default, and (B) a
2225 motion for judgment of strict foreclosure or a motion for judgment of
2226 foreclosure by sale with respect to the mortgagor in the foreclosure
2227 action.

2228 (8) None of the mortgagor's or mortgagee's rights in the foreclosure
2229 action shall be waived by participation in the foreclosure mediation
2230 program.

2231 Sec. 38. Section 49-31n of the 2014 supplement to the general statutes
2232 is repealed and the following is substituted in lieu thereof (*Effective*
2233 *from passage*):

2234 (a) Prior to July 1, [2014] 2016: (1) Any action for the foreclosure of a
2235 mortgage on residential real property with a return date during the
2236 period from July 1, 2008, to June 30, 2009, inclusive, shall be subject to
2237 the provisions of subsection (b) of this section, and (2) any action for
2238 the foreclosure of a mortgage on (A) residential real property with a
2239 return date during the period from July 1, 2009, to June 30, [2014] 2016,
2240 inclusive, or (B) real property owned by a religious organization with a
2241 return date during the period from October 1, 2011, to June 30, [2014]
2242 2016, inclusive, shall be subject to the provisions of subsection (c) of
2243 this section.

2244 (b) (1) For any action for the foreclosure of a mortgage on residential
2245 real property with a return date during the period from July 1, 2008, to
2246 June 30, 2009, inclusive, the mediation period under the foreclosure
2247 mediation program established in section 49-31m shall commence
2248 when the court sends notice to each appearing party that a foreclosure
2249 mediation request form has been submitted by a mortgagor to the
2250 court, which notice shall be sent not later than three business days after

2251 the court receives a completed foreclosure mediation request form. The
2252 mediation period shall conclude not later than the conclusion of the
2253 third mediation session between the mortgagor and mortgagee or
2254 seven months after the return date, whichever is earlier, except that the
2255 court may, in its discretion, for good cause shown, upon the motion of
2256 any party or the mediator, (A) extend the mediation period subject to
2257 the provisions of subdivision (9) of this subsection or shorten the
2258 mediation period.

2259 (2) The first mediation session shall be held not later than fifteen
2260 business days after the court sends notice to all parties that a
2261 foreclosure mediation request form has been submitted to the court.
2262 The mortgagor and mortgagee shall appear in person at each
2263 mediation session and shall have the ability to mediate, except that (A)
2264 if a party is represented by counsel, the party's counsel may appear in
2265 lieu of the party to represent the party's interests at the mediation,
2266 provided the party has the ability to mediate, the mortgagor attends
2267 the first mediation session in person, and the party is available (i)
2268 during the mediation session by telephone, and (ii) to participate in the
2269 mediation session by speakerphone, provided an opportunity is
2270 afforded for confidential discussions between the party and party's
2271 counsel, (B) following the initial mediation session, if there are two or
2272 more mortgagors who are self-represented, only one mortgagor shall
2273 be required to appear in person at each subsequent mediation session
2274 unless good cause is shown, provided the other mortgagors are
2275 available (i) during the mediation session, and (ii) to participate in the
2276 mediation session by speakerphone, and (C) if a party suffers from a
2277 disability or other significant hardship that imposes an undue burden
2278 on such party to appear in person, the mediator may grant permission
2279 to such party to participate in the mediation session by telephone. A
2280 mortgagor's spouse, who is not a mortgagor but who lives in the
2281 subject property, may appear at each mediation session, provided all
2282 appearing mortgagors consent, in writing, to such spouse's appearance
2283 or such spouse shows good cause for his or her appearance and the
2284 mortgagors consent in writing to the disclosure of nonpublic personal

2285 information to such spouse. If the mortgagor has submitted a complete
2286 package of financial documentation in connection with a request for a
2287 particular foreclosure alternative, the mortgagee shall have thirty-five
2288 days from the receipt of the completed package to respond with a
2289 decision and, if the decision is a denial of the request, provide the
2290 reasons for such denial. If the mortgagor has, in connection with a
2291 request for a foreclosure alternative, submitted a financial package that
2292 is not complete, or if the mortgagee's evaluation of a complete package
2293 reveals that additional information is necessary to underwrite the
2294 request, the mortgagee shall request the missing or additional
2295 information within a reasonable period of time of such evaluation. If
2296 the mortgagee's evaluation of a complete package reveals that
2297 additional information is necessary to underwrite the request, the
2298 thirty-five-day deadline for a response shall be extended but only for
2299 so long as is reasonable given the timing of the mortgagor's submission
2300 of such additional information and the nature and context of the
2301 required underwriting. Not later than the third business day after each
2302 mediation session held on or after June 18, 2013, the mediator shall file
2303 with the court a report indicating, to the extent applicable, (i) the
2304 extent to which each of the parties complied with the requirements set
2305 forth in this subdivision, including the requirement to engage in
2306 conduct that is consistent with the objectives of the mediation program
2307 and to possess the ability to mediate, (ii) whether the mortgagor
2308 submitted a complete package of financial documentation to the
2309 mortgagee, (iii) a general description of the foreclosure alternative
2310 being requested by the mortgagor, (iv) whether the mortgagor has
2311 previously been evaluated for similar requests, whether prior to
2312 mediation or in mediation, and, if so, whether there has been any
2313 apparent change in circumstances since a decision was made with
2314 respect to that prior evaluation, (v) whether the mortgagee has
2315 responded to the mortgagor's request for a foreclosure alternative and,
2316 if so, a description of the response and whether the mediator is aware
2317 of any material reason not to agree with the response, (vi) whether the
2318 mortgagor has responded to an offer made by the mortgagee on a
2319 reasonably timely basis, and if so, an explanation of the response, (vii)

2320 whether the mortgagee has requested additional information from the
2321 mortgagor and, if so, the stated reasons for the request and the date by
2322 which such additional information shall be submitted so that
2323 information previously submitted by the mortgagor, to the extent
2324 possible, may still be used by the mortgagee in conducting its review,
2325 (viii) whether the mortgagor has supplied, on a reasonably timely
2326 basis, any additional information that was reasonably requested by the
2327 mortgagee, and, if not, the stated reason for not doing so, (ix) if
2328 information provided by the mortgagor is no longer current for
2329 purposes of evaluating a foreclosure alternative, a description of the
2330 out-of-date information and an explanation as to how and why such
2331 information is no longer current, (x) whether the mortgagee has
2332 provided a reasonable explanation of the basis for a decision to deny a
2333 request for a loss mitigation option or foreclosure alternative and
2334 whether the mediator is aware of any material reason not to agree with
2335 that decision, (xi) whether the mortgagee has complied with the time
2336 frames set forth in this subdivision for responding to requests for
2337 decisions, (xii) if a subsequent mediation session is expected to occur, a
2338 general description of the expectations for such subsequent session
2339 and for the parties prior to such subsequent session and, if not
2340 otherwise addressed in the report, whether the parties satisfied the
2341 expectations set forth in previous reports, and (xiii) a determination of
2342 whether the parties will benefit from further mediation. The mediator
2343 shall deliver a copy of such report to each party to the mediation when
2344 the mediator files the report. The parties shall have the opportunity to
2345 submit their own supplemental information following the filing of the
2346 report, provided such supplemental information shall be submitted
2347 not later than five business days following the receipt of the mediator's
2348 report. Any request by the mortgagee to the mortgagor for additional
2349 or updated financial documentation shall be made in writing. The
2350 court may impose sanctions on any party or on counsel to a party if
2351 such party or such counsel engages in intentional or a pattern or
2352 practice of conduct during the mediation process that is contrary to the
2353 objectives of the mediation program. Any sanction that is imposed
2354 shall be proportional to the conduct and consistent with the objectives

2355 of the mediation program. Available sanctions shall include, but not be
2356 limited to, terminating mediation, ordering the mortgagor or
2357 mortgagee to mediate in person, forbidding the mortgagee from
2358 charging the mortgagor for the mortgagee's attorney's fees, awarding
2359 attorney's fees, and imposing fines. In the case of egregious
2360 misconduct, the sanctions shall be heightened. The court shall not
2361 award attorney's fees to any mortgagee for time spent in any
2362 mediation session if the court finds that such mortgagee has failed to
2363 comply with this subdivision, unless the court finds reasonable cause
2364 for such failure.

2365 (3) If the mediator reports to the court that the parties will not
2366 benefit from further mediation, the mediation period shall terminate
2367 automatically. If the mediator reports to the court after the first or
2368 second mediation session that the parties may benefit from further
2369 mediation, the mediation period shall continue.

2370 (4) If the mediation period concludes and certain issues have not
2371 been resolved pursuant to the mediation, the mediator may refer the
2372 mortgagor to any appropriate community-based services that are
2373 available.

2374 (5) The Chief Court Administrator shall establish policies and
2375 procedures to implement this subsection. Such policies and procedures
2376 shall, at a minimum, provide that the mediator shall advise the
2377 mortgagor at the first meeting required by subdivision (4) of
2378 subsection (c) of section 49-311, as amended by this act, that a judgment
2379 of strict foreclosure or foreclosure by sale may cause the mortgagor to
2380 lose the residential real property to foreclosure.

2381 (6) In no event shall any determination issued by a mediator under
2382 this program form the basis of an appeal of any foreclosure judgment.

2383 (7) Foreclosure mediation request forms shall not be accepted by the
2384 court under this subsection on or after July 1, [2014] 2016, and the
2385 foreclosure mediation program shall terminate when all mediation has
2386 concluded with respect to any applications submitted to the court prior

2387 to July 1, [2014] 2016.

2388 (8) At any time during the mediation period, the mediator may refer
2389 a mortgagor who is the owner-occupant of one-to-four family
2390 residential real property to the mortgage assistance programs, except
2391 that any such referral shall not prevent a mortgagee from proceeding
2392 to judgment when the conditions specified in subdivision (6) of
2393 subsection (b) of section 49-31l, as amended by this act, have been
2394 satisfied.

2395 (9) (A) The mediation period shall conclude following the third
2396 mediation session or if more than seven months have elapsed since the
2397 return date. Not later than fifteen days following the conclusion of the
2398 mediation period, and any extended mediation sessions held in
2399 accordance with this subdivision, any party may move for, or the
2400 mediator may request, an extension of the mediation period. The court
2401 shall grant only one additional mediation session per motion or
2402 request upon a finding that it is highly probable the parties will reach
2403 an agreement through mediation. The court may also grant one
2404 additional mediation session per motion or request upon a finding that
2405 any party has engaged, either intentionally or by a pattern or practice,
2406 in conduct that is contrary to the objectives of the mediation program.
2407 The court shall make its ruling not later than twenty days after the
2408 filing of such motion or request, and no judgment of strict foreclosure
2409 or any judgment ordering a foreclosure sale shall be entered until (i)
2410 the court denies the motion or request, or (ii) the conclusion of the
2411 extended mediation session, except as provided in subparagraph (B) of
2412 this subdivision. Upon the grant of an additional mediation session
2413 following the proper finding, the court shall establish an expeditious
2414 deadline for such extended mediation session to occur. Such extended
2415 mediation period shall conclude following such extended mediation
2416 session.

2417 (B) The mediation period may be extended for one additional
2418 mediation session without a hearing held pursuant to this subdivision
2419 provided all parties to the mediation agree that such parties would

2420 benefit from such a session and, in consultation with the mediator,
2421 establish an expeditious deadline for such session to take place.

2422 (C) To determine whether to extend mediation, the court may
2423 consider all matters that have arisen in the mediation, including, but
2424 not limited to, the number of motions to extend mediation, the reasons
2425 for which an agreement has not been reached, the objectives of the
2426 mediation program, the extent to which the parties will benefit from
2427 further mediation, the reports submitted by the mediator, papers
2428 submitted in connection with any motion, and any supplemental
2429 reports submitted by a party. The court shall articulate its reasons in
2430 the order granting or denying any such motion or request to extend
2431 mediation.

2432 (10) For any case pending as of October 1, 2013, in which mediation
2433 is ongoing, (A) if three or fewer sessions have been held, such case
2434 shall be treated as if no sessions have been held as of said date for
2435 purposes of subdivision (9) of this subsection, and (B) if four or more
2436 sessions have been held, then any party or the mediator may move to
2437 terminate the mediation period or extend such period in accordance
2438 with subdivision (9) of this subsection and, if no such motion to extend
2439 is made, the mediation period shall conclude after the third mediation
2440 session occurring after October 1, 2013.

2441 (c) (1) For any action for the foreclosure of a mortgage on residential
2442 real property with a return date during the period from July 1, 2009, to
2443 June 30, [2014] 2016, inclusive, or for any action for the foreclosure of a
2444 mortgage on real property owned by a religious organization with a
2445 return date during the period from October 1, 2011, to June 30, [2014]
2446 2016, inclusive, the mediation period under the foreclosure mediation
2447 program established in section 49-31m shall commence when the court
2448 sends notice to each appearing party scheduling the first foreclosure
2449 mediation session. The mediation period shall conclude not later than
2450 the conclusion of the third mediation session between the mortgagor
2451 and mortgagee or seven months after the return date, whichever is
2452 earlier, except that the court may, in its discretion, for good cause

2453 shown, upon the motion of any party or request by the mediator,
2454 extend the mediation period subject to the provisions of subdivision
2455 (9) of this subsection or shorten the mediation period.

2456 (2) The mortgagor and mortgagee shall appear in person at each
2457 mediation session and shall have the ability to mediate, except that (A)
2458 if a party is represented by counsel, the party's counsel may appear in
2459 lieu of the party to represent the party's interests at the mediation,
2460 provided the party has the ability to mediate, the mortgagor attends
2461 the first mediation session in person and the party is available (i)
2462 during the mediation session by telephone, and (ii) to participate in the
2463 mediation session by speakerphone, provided an opportunity is
2464 afforded for confidential discussions between the party and party's
2465 counsel, (B) following the initial mediation session, if there are two or
2466 more mortgagors who are self-represented, only one mortgagor shall
2467 be required to appear in person at each subsequent mediation session
2468 unless good cause is shown, provided the other mortgagors are
2469 available (i) during the mediation session, and (ii) to participate in the
2470 mediation session by speakerphone, and (C) if a party suffers from a
2471 disability or other significant hardship that imposes an undue burden
2472 on such party to appear in person, the mediator may grant permission
2473 to such party to participate in the mediation session by telephone. A
2474 mortgagor's spouse, who is not a mortgagor but who lives in the
2475 subject property, may appear at each mediation session, provided all
2476 appearing mortgagors consent, in writing, to such spouse's appearance
2477 or such spouse shows good cause for his or her appearance and the
2478 mortgagors consent, in writing, to the disclosure of nonpublic personal
2479 information to such spouse. If the mortgagor has submitted a complete
2480 package of financial documentation in connection with a request for a
2481 particular foreclosure alternative, the mortgagee shall have thirty-five
2482 days from the receipt of the completed package to respond with a
2483 decision and, if the decision is a denial of the request, provide the
2484 reasons for such denial. If the mortgagor has, in connection with a
2485 request for a foreclosure alternative, submitted a financial package that
2486 is not complete, or if the mortgagee's evaluation of a complete package

2487 reveals that additional information is necessary to underwrite the
2488 request, the mortgagee shall request the missing or additional
2489 information within a reasonable period of time of such evaluation. If
2490 the mortgagee's evaluation of a complete package reveals that
2491 additional information is necessary to underwrite the request, the
2492 thirty-five-day deadline for a response shall be extended but only for
2493 so long as is reasonable given the timing of the mortgagor's submission
2494 of such additional information and the nature and context of the
2495 required underwriting. Not later than the third business day after each
2496 mediation session, the mediator shall file with the court a report
2497 indicating, to the extent applicable, (i) the extent to which each of the
2498 parties complied with the requirements set forth in this subdivision,
2499 including the requirement to engage in conduct that is consistent with
2500 the objectives of the mediation program and to possess the ability to
2501 mediate, (ii) whether the mortgagor submitted a complete package of
2502 financial documentation to the mortgagee, (iii) a general description of
2503 the foreclosure alternative being requested by the mortgagor, (iv)
2504 whether the mortgagor has previously been evaluated for similar
2505 requests, whether prior to mediation or in mediation, and, if so,
2506 whether there has been any apparent change in circumstances since a
2507 decision was made with respect to that prior evaluation, (v) whether
2508 the mortgagee has responded to the mortgagor's request for a
2509 foreclosure alternative and, if so, a description of the response and
2510 whether the mediator is aware of any material reason not to agree with
2511 the response, (vi) whether the mortgagor has responded to an offer
2512 made by the mortgagee on a reasonably timely basis, and if so, an
2513 explanation of the response, (vii) whether the mortgagee has requested
2514 additional information from the mortgagor and, if so, the stated
2515 reasons for the request and the date by which such additional
2516 information shall be submitted so that information previously
2517 submitted by the mortgagor, to the extent possible, may still be used
2518 by the mortgagee in conducting its review, (viii) whether the
2519 mortgagor has supplied, on a reasonably timely basis, any additional
2520 information that was reasonably requested by the mortgagee, and, if
2521 not, the stated reason for not doing so, (ix) if information provided by

2522 the mortgagor is no longer current for purposes of evaluating a
2523 foreclosure alternative, a description of the out-of-date information
2524 and an explanation as to how and why such information is no longer
2525 current, (x) whether the mortgagee has provided a reasonable
2526 explanation of the basis for a decision to deny a request for a loss
2527 mitigation option or foreclosure alternative and whether the mediator
2528 is aware of any material reason not to agree with that decision, (xi)
2529 whether the mortgagee has complied with the time frames set forth in
2530 this subdivision for responding to requests for decisions, (xii) if a
2531 subsequent mediation session is expected to occur, a general
2532 description of the expectations for such subsequent session and for the
2533 parties prior to such subsequent session and, if not otherwise
2534 addressed in the report, whether the parties satisfied the expectations
2535 set forth in previous reports, and (xiii) a determination of whether the
2536 parties will benefit from further mediation. The mediator shall deliver
2537 a copy of such report to each party to the mediation when the mediator
2538 files the report. The parties shall have the opportunity to submit their
2539 own supplemental information following the filing of the report,
2540 provided such supplemental information shall be submitted not later
2541 than five business days following the receipt of the mediator's report.
2542 Any request by the mortgagee to the mortgagor for additional or
2543 updated financial documentation shall be made in writing. The court
2544 may impose sanctions on any party or on counsel to a party if such
2545 party or such counsel engages in intentional or a pattern or practice of
2546 conduct during the mediation process that is contrary to the objectives
2547 of the mediation program. Any sanction that is imposed shall be
2548 proportional to the conduct and consistent with the objectives of the
2549 mediation program. Available sanctions shall include, but not be
2550 limited to, terminating mediation, ordering the mortgagor or
2551 mortgagee to mediate in person, forbidding the mortgagee from
2552 charging the mortgagor for the mortgagee's attorney's fees, awarding
2553 attorney's fees, and imposing fines. In the case of egregious
2554 misconduct, the sanctions shall be heightened. The court shall not
2555 award attorney's fees to any mortgagee for time spent in any
2556 mediation session if the court finds that such mortgagee has failed to

2557 comply with this subdivision, unless the court finds reasonable cause
2558 for such failure.

2559 (3) If the mediator reports to the court that the parties will not
2560 benefit from further mediation, the mediation period shall terminate
2561 automatically. If the mediator reports to the court after the first or
2562 second mediation session that the parties may benefit from further
2563 mediation, the mediation period shall continue.

2564 (4) If the mediation period concludes and certain issues have not
2565 been resolved pursuant to the mediation, the mediator may refer the
2566 mortgagor to any appropriate community-based services that are
2567 available in the judicial district, but any such referral shall not cause a
2568 delay in the mediation process.

2569 (5) The Chief Court Administrator shall establish policies and
2570 procedures to implement this subsection. Such policies and procedures
2571 shall, at a minimum, provide that the mediator shall advise the
2572 mortgagor at the first meeting required by subdivision (4) of
2573 subsection (c) of section 49-31~~l~~, as amended by this act, that: (A) Such
2574 mediation does not suspend the mortgagor's obligation to respond to
2575 the foreclosure action beyond the limited time frame described in
2576 subdivision (6) of subsection (c) of section 49-31~~l~~, as amended by this
2577 act; and (B) a judgment of strict foreclosure or foreclosure by sale may
2578 cause the mortgagor to lose the residential real property or real
2579 property owned by a religious organization to foreclosure.

2580 (6) In no event shall any determination issued by a mediator under
2581 this program form the basis of an appeal of any foreclosure judgment.

2582 (7) The foreclosure mediation program shall terminate when all
2583 mediation has concluded with respect to any foreclosure action with a
2584 return date during the period from July 1, 2009, to June 30, [2014] 2016,
2585 inclusive.

2586 (8) At any time during the mediation period, the mediator may refer
2587 a mortgagor who is the owner-occupant of one-to-four family

2588 residential real property to the mortgage assistance programs, except
2589 that any such referral shall not prevent a mortgagee from proceeding
2590 to judgment when the conditions specified in subdivision (6) of
2591 subsection (c) of section 49-31l, as amended by this act, have been
2592 satisfied.

2593 (9) (A) The mediation period shall conclude following the third
2594 mediation session or if more than seven months have elapsed since the
2595 return date. Not later than fifteen days following the conclusion of the
2596 mediation period, and any subsequent extended mediation sessions
2597 held in accordance with this subdivision, any party may move for, or
2598 the mediator may request, an extension of the mediation period. The
2599 court shall grant only one additional mediation session per motion or
2600 request upon a finding that it is highly probable the parties will reach
2601 an agreement through mediation. The court may also grant one
2602 additional mediation session per motion or request upon a finding that
2603 any party has engaged, either intentionally or by a pattern or practice,
2604 in conduct that is contrary to the objectives of the mediation program.
2605 The court shall make its ruling not later than twenty days after the
2606 filing of such motion or request, and no judgment of strict foreclosure
2607 or any judgment ordering a foreclosure sale shall be entered until (i)
2608 the court denies the motion or request, or (ii) the conclusion of the
2609 subsequent extended mediation session, except as provided in
2610 subparagraph (B) of this subdivision. Upon the grant of an additional
2611 mediation session following the proper finding, the court shall
2612 establish a reasonably expeditious deadline for such subsequent
2613 extended mediation session to occur. Such extended mediation period
2614 shall conclude following such subsequent extended mediation session.

2615 (B) The mediation period may be extended for one additional
2616 mediation session without a hearing held pursuant to this subdivision
2617 provided all parties to the mediation agree that such parties would
2618 benefit from such a session and, in consultation with the mediator,
2619 establish a reasonably expeditious deadline for such session to take
2620 place.

2621 (C) To determine whether to extend mediation, the court may
2622 consider all matters that have arisen in the mediation, including, but
2623 not limited to, the number of motions to extend mediation, the reasons
2624 for which an agreement has not been reached, the objectives of the
2625 mediation program, the extent to which the parties will benefit from
2626 further mediation, the reports submitted by the mediator, papers
2627 submitted in connection with any motion, and any supplemental
2628 reports submitted by a party. The court shall articulate its reasons in
2629 the order granting or denying any such motion or request to extend
2630 mediation.

2631 (10) For any case pending as of October 1, 2013, in which mediation
2632 is ongoing, (A) if three or fewer sessions have been held, such case
2633 shall be treated as if no sessions have been held as of said date for
2634 purposes of subdivision (9) of this subsection, and (B) if four or more
2635 sessions have been held, then any party or the mediator may move to
2636 terminate the mediation period or extend such period in accordance
2637 with subdivision (9) of this subsection and, if no such motion to extend
2638 is made, the mediation period shall conclude after the third mediation
2639 session occurring after October 1, 2013.

2640 (d) (1) Not later than February 14, 2014, the Chief Court
2641 Administrator shall submit, in accordance with the provisions of
2642 section 11-4a, to the joint standing committee of the General Assembly
2643 having cognizance of matters relating to banks, a summary regarding
2644 the mediation program and a general summary of the data collected in
2645 the reports submitted pursuant to subdivision (2) of subsections (b)
2646 and (c) of this section from July 1, 2013, to December 31, 2013,
2647 inclusive. Such summaries shall include, but not be limited to, the
2648 aggregate data regarding the number of cases in mediation, the
2649 number of mediation sessions held, the number of agreements reached
2650 before the conclusion of the mediation period, the number of motions
2651 or requests for an extension or continuance and the identity of the
2652 party that made such a motion or request, whether the loan at issue
2653 was serviced by a third party, the judicial district in which the
2654 mediation took place and whether the mortgagor was self-represented.

2655 (2) Not later than February 14, 2015, the Chief Court Administrator
2656 shall submit, in accordance with the provisions of section 11-4a, to the
2657 joint standing committee of the General Assembly having cognizance
2658 of matters relating to banks, a summary of the reports submitted from
2659 July 1, 2013, to December 31, 2014, inclusive, pursuant to subdivision
2660 (2) of subsections (b) and (c) of this section. The detailed data points for
2661 such summary, including data to be collected but not reported, shall be
2662 developed by the Chief Court Administrator in consultation with
2663 representatives from the Governor's office, the banking industry and
2664 consumer advocates.

2665 Sec. 39. Subsection (g) of section 36a-801 of the 2014 supplement to
2666 the general statutes is repealed and the following is substituted in lieu
2667 thereof (*Effective from passage*):

2668 (g) If the commissioner determines that a check filed with the
2669 commissioner to pay a fee under [subdivision (1) of this subsection]
2670 subsection (b) of this section has been dishonored, the commissioner
2671 shall automatically suspend the license or a renewal license that has
2672 been issued but is not yet effective. The commissioner shall give the
2673 licensee notice of the automatic suspension pending proceedings for
2674 revocation or refusal to renew and an opportunity for a hearing on
2675 such actions in accordance with section 36a-51, as amended by this act.

2676 Sec. 40. Subdivisions (30) and (31) of section 34-600 of the general
2677 statutes are repealed and the following is substituted in lieu thereof
2678 (*Effective from passage*):

2679 (30) "Private organic rules" means the rules, whether or not in a
2680 record, that govern the internal affairs of an entity, are binding on all
2681 of its interest holders and are not part of its public organic document,
2682 if any.

2683 (31) "Protected agreement" means (A) a record evidencing
2684 indebtedness and any related agreement in effect on or after [October
2685 1, 2011] January 1, 2014; (B) an agreement that is binding on an entity
2686 on or after [October 1, 2011] January 1, 2014; (C) the organic rules of an

2687 entity in effect on or after [October 1, 2011] January 1, 2014; or (D) an
2688 agreement that is binding on any of the governors or interest holders
2689 of an entity on or after [October 1, 2011] January 1, 2014.

2690 Sec. 41. Subdivision (38) of section 34-600 of the general statutes is
2691 repealed and the following is substituted in lieu thereof (*Effective from*
2692 *passage*):

2693 (38) "Type", with regard to an entity, means a generic form of entity
2694 (A) recognized at common law, or (B) organized under an organic law,
2695 whether or not an entity organized under such organic law is subject to
2696 the provisions of such organic law creating different categories of the
2697 form of entity.

2698 Sec. 42. Subsection (a) of section 36a-17 of the general statutes is
2699 repealed and the following is substituted in lieu thereof (*Effective from*
2700 *passage*):

2701 (a) The commissioner, in the commissioner's discretion, may, subject
2702 to the provisions of section 36a-21, as amended by this act, and the
2703 Freedom of Information Act, as defined in section 1-200, [;] (1) make
2704 such public or private investigations or examinations within or outside
2705 this state, concerning any person subject to the jurisdiction of the
2706 commissioner, as the commissioner deems necessary to carry out the
2707 duties of the commissioner, (2) require or permit any person to testify,
2708 produce a record or file a statement in writing, under oath, or
2709 otherwise as the commissioner determines, as to all the facts and
2710 circumstances concerning the matter to be investigated or about which
2711 an action or proceeding is pending, and (3) publish information
2712 concerning any violation of any provision of the general statutes
2713 within the jurisdiction of the commissioner or any regulation or order
2714 adopted or issued under such provision.

2715 Sec. 43. Subsection (a) of section 36a-196 of the general statutes is
2716 repealed and the following is substituted in lieu thereof (*Effective from*
2717 *passage*):

2718 (a) Following the reorganization of any mutual savings bank or
2719 mutual savings and loan association pursuant to sections 36a-192 to
2720 36a-199, inclusive, the reorganized savings institution of such mutual
2721 holding company shall not sell or offer to sell its common stock or
2722 securities convertible into common stock unless each eligible account
2723 holder of the reorganized savings institution receives, without
2724 payment, nontransferable subscription rights to purchase common
2725 stock or securities convertible into common stock, as the case may be,
2726 of the reorganized savings institution pursuant to a subscription
2727 offering: (1) In which every eligible account holder may receive the
2728 right, subject to modification in the event of an over-subscription to the
2729 subscription offering by all eligible account holders, to purchase up to
2730 a maximum of one-half of one per cent of the total number of the
2731 shares of common stock or securities convertible into common stock,
2732 as the case may be, being offered by the reorganized savings
2733 institution; (2) in which every eligible account holder, regardless of
2734 such account holder's relationship to the reorganized savings
2735 institution, may participate at the same time as every other eligible
2736 account holder; and (3) which offering shall precede any offering of the
2737 reorganized savings institution's common stock or securities
2738 convertible into common stock, as the case may be, to the members of
2739 the general public. The terms of the subscription offering may provide
2740 that any savings account with total balances of less than five hundred
2741 dollars, or any lesser amount as determined by the governing board of
2742 the reorganized savings institution, shall not constitute a qualifying
2743 deposit for participation in the subscription offering. Not later than
2744 fifteen days from the date of submission to the commissioner of a plan
2745 outlining the terms of the subscription offering, the reorganized
2746 savings institution shall mail by first class mail a notice to each eligible
2747 account holder as of the eligibility record date indicating that: [(1)] (A)
2748 The governing board of the reorganized savings institution has
2749 approved the sale of a certain number of shares of common stock or
2750 securities convertible into common stock, as the case may be; [(2)] (B)
2751 such eligible account holder shall have nontransferable rights to
2752 subscribe for shares of the common stock or securities convertible into

2753 common stock, as the case may be, of the reorganized savings
2754 institution; [(3)] (C) the holders of capital stock of the reorganized
2755 savings bank shall have exclusive voting rights; [(4)] (D) the right to
2756 subscribe to shares of common stock or securities convertible into
2757 common stock, as the case may be, will expire unless such rights are
2758 exercised by the eligible account holder within the time period
2759 specified in such notice, which date shall not be less than sixty days
2760 from the date of the submission to the commissioner of the plan
2761 outlining the terms of the subscription offering; and [(5)] (E) in order to
2762 obtain further information with respect to the subscription offering,
2763 the eligible account holder shall indicate such eligible account holder's
2764 interest to the reorganized savings institution by returning a postage
2765 prepaid expression of interest sent by the reorganized savings
2766 institution not later than the date set forth in the notice, which date
2767 shall be not less than thirty days from the date of the submission to the
2768 commissioner of the plan outlining the terms of the subscription
2769 offering. In mailing such notice to eligible account holders, the
2770 reorganized savings institution may rely upon the last-known valid
2771 address of such account holder in its possession. The reorganized
2772 savings institution shall have no further obligation to forward
2773 information regarding the conversion offering to eligible account
2774 holders who have not returned postage prepaid expressions of interest
2775 or responded otherwise in writing to such notice.

2776 Sec. 44. Subsection (c) of section 36a-380 of the general statutes is
2777 repealed and the following is substituted in lieu thereof (*Effective from*
2778 *passage*):

2779 (c) As used in sections 36a-380 to 36a-386, inclusive, "entity" means a
2780 corporation, joint stock company, association, partnership, limited
2781 partnership, unincorporated organization, limited liability company or
2782 similar organization, but does not include any corporation of which
2783 the majority of the shares are owned by the United States or by any
2784 state.

2785 Sec. 45. Subdivision (3) of subsection (c) of section 36a-534b of the

2786 general statutes is repealed and the following is substituted in lieu
2787 thereof (*Effective from passage*):

2788 (3) Any person making any filing or submission of any information
2789 on the system shall do so in accordance with the procedures and
2790 requirements of the system and pay the applicable fees or charges to
2791 the system. Each mortgage lender, mortgage correspondent lender,
2792 mortgage broker, mortgage loan originator and loan processor or
2793 underwriter licensee and each exempt registrant, to the extent required
2794 by the system, shall timely submit to the system accurate reports of
2795 condition that shall be in such form and shall contain such information
2796 as the system may require. Failure by a licensee to submit a timely and
2797 accurate report of condition shall constitute a violation of this
2798 provision. Failure of an exempt registrant to timely and accurately
2799 submit a report of condition shall form a basis to inactivate the licenses
2800 of all sponsored mortgage loan originators or loan processor or
2801 underwriters. To the extent that the system does not require
2802 submission of reports of condition by individual mortgage loan
2803 originator or loan processor or underwriter licensees, such individual
2804 licensees shall timely and accurately report all required information in
2805 their possession to their sponsor for purposes of their sponsor's
2806 reporting obligation. Failure of an individual licensee to timely and
2807 accurately report required information in [their] such licensee's
2808 possession to [their] such licensee's sponsor shall constitute a violation
2809 of this provision.

2810 Sec. 46. (NEW) (*Effective July 1, 2014*) The foreclosure mediation
2811 program established pursuant to section 49-31m of the general statutes
2812 shall be funded within available appropriations and available until
2813 June 30, 2016. The size of such program shall be determined by
2814 available funding and the number and need of participants in such
2815 program.

2816 Sec. 47. Section 36a-492 of the general statutes is repealed and the
2817 following is substituted in lieu thereof (*Effective October 1, 2014*):

2818 (a) (1) Each licensed mortgage lender, mortgage correspondent
2819 lender and mortgage broker shall file with the commissioner a single
2820 surety bond, written by a surety authorized to write such bonds in this
2821 state, covering its main office and file an addendum to such bond to
2822 cover any branch office, in a penal sum determined in accordance with
2823 subsection (d) of this section, provided the penal sum of the bond for
2824 licensed mortgage lenders and mortgage correspondent lenders shall
2825 be not less than one hundred thousand dollars and the penal sum of
2826 the bond for mortgage brokers shall be not less than fifty thousand
2827 dollars. The bond shall cover all mortgage loan originators sponsored
2828 by such licensee.

2829 (2) Each mortgage loan originator licensee shall be covered by a
2830 surety bond with a penal sum in an amount that reflects the dollar
2831 amount of loans originated by such mortgage loan originator in
2832 accordance with subsection (d) of this section, provided such coverage
2833 shall be provided through a single surety bond filed with the
2834 commissioner by the person who sponsors such mortgage loan
2835 originator.

2836 (3) Effective October 1, 2011, (A) in the case of an exempt registrant
2837 under subdivision (1), (2) or (3) of subsection (a) of section 36a-487, as
2838 amended by this act, (i) the surety bond shall cover all mortgage loan
2839 originators sponsored by such exempt registrant and comply with the
2840 requirements set forth in this section, and (ii) the penal sum of such
2841 bond shall be in an amount determined in accordance with subsection
2842 (d) of this section, provided the penal sum of the bond shall be not less
2843 than one hundred thousand dollars; (B) in the case of an exempt
2844 registrant under subsection (b) of section 36a-487, (i) the surety bond
2845 shall cover all mortgage loan originators sponsored by such exempt
2846 registrant and comply with the requirements set forth in this section,
2847 and (ii) the penal sum of the bond shall be in an amount determined in
2848 accordance with subsection (d) of this section, provided the penal sum
2849 shall be not less than fifty thousand dollars; and (C) in the case of an
2850 exempt registrant under subdivision [(2)] (4) of subsection (a) of
2851 section 36a-487, as amended by this act, the surety bond shall cover all

2852 mortgage loan originators sponsored by such exempt registrant and
2853 comply with the requirements set forth in section 36a-671d.

2854 (4) (A) The principal on a bond required by subdivisions (1) and (2)
2855 of this subsection shall annually confirm that it maintains the required
2856 penal sum in an amount required by subsection (d) of this section. Not
2857 later than September 1, 2011, and every September first thereafter, such
2858 principal shall file such information as the commissioner may require
2859 under subsection (d) of this section and shall file, not later than
2860 September first of the applicable year, or on such other date as the
2861 commissioner may require, pursuant to subdivision (d) of this section,
2862 any bond rider or endorsement to the surety bond on file with the
2863 commissioner to reflect any changes necessary to maintain the surety
2864 bond coverage required by this section.

2865 (B) Effective October 1, 2011, the principal on a bond required by
2866 subdivision (3) of this section shall annually confirm that it maintains
2867 the required penal sum in an amount required by subsection (d) of this
2868 section. Not later than September 1, 2012, and every September first
2869 thereafter, such principal shall file such information as the
2870 commissioner may require under subsection (d) of this section and
2871 shall file, not later than September first of the applicable year, or on
2872 such other date as the commissioner may require pursuant to
2873 subdivision (d) of this section, any bond rider or endorsement to the
2874 surety bond on file with the commissioner to reflect any changes
2875 necessary to maintain the surety bond coverage required by this
2876 section.

2877 (5) The commissioner may adopt regulations in accordance with
2878 chapter 54 with respect to the requirements for such surety bonds.

2879 (b) The bond required by subsection (a) of this section shall be (1) in
2880 a form approved by the Attorney General, and (2) conditioned upon
2881 the mortgage lender, mortgage correspondent lender or mortgage
2882 broker licensee and any mortgage loan originator licensee sponsored
2883 by such mortgage lender, mortgage correspondent lender or mortgage

2884 broker or, in the case of a mortgage loan originator licensee sponsored
2885 after October 1, 2011, by an exempt registrant, upon such mortgage
2886 loan originator licensee faithfully performing any and all written
2887 agreements or commitments with or for the benefit of borrowers and
2888 prospective borrowers, truly and faithfully accounting for all funds
2889 received from a borrower or prospective borrower by the licensee in
2890 the licensee's capacity as a mortgage lender, mortgage correspondent
2891 lender, mortgage broker or mortgage loan originator, and conducting
2892 such mortgage business consistent with the provisions of sections 36a-
2893 485 to 36a-498f, inclusive, as amended by this act, 36a-534a and 36a-
2894 534b, as amended by this act. Any borrower or prospective borrower
2895 who may be damaged by failure to perform any written agreements or
2896 commitments, or by the wrongful conversion of funds paid by a
2897 borrower or prospective borrower to a licensee, may proceed on such
2898 bond against the principal or surety thereon, or both, to recover
2899 damages. Commencing August 1, 2009, any borrower or prospective
2900 borrower who may be damaged by a mortgage lender, mortgage
2901 correspondent lender, mortgage broker or mortgage loan originator
2902 licensee's failure to satisfy a judgment against the licensee arising from
2903 the making or brokering of a nonprime home loan, as defined in
2904 section 36a-760, may proceed on such bond against the principal or
2905 surety thereon, or both, to recover the amount of the judgment. The
2906 commissioner may proceed on such bond against the principal or
2907 surety thereon, or both, to collect any civil penalty imposed upon a
2908 licensee pursuant to subsection (a) of section 36a-50 and any unpaid
2909 costs of examination of a licensee as determined pursuant to section
2910 36a-65, as amended by this act. The proceeds of the bond, even if
2911 commingled with other assets of the principal, shall be deemed by
2912 operation of law to be held in trust for the benefit of such claimants
2913 against the principal in the event of bankruptcy of the principal and
2914 shall be immune from attachment by creditors and judgment creditors.
2915 The bond shall run concurrently with the period of the license for the
2916 main office and the aggregate liability under the bond shall not exceed
2917 the penal sum of the bond. The principal shall notify the commissioner
2918 of the commencement of an action on the bond. When an action is

2919 commenced on a principal's bond, the commissioner may require the
2920 filing of a new bond and immediately on recovery on any action on the
2921 bond, the principal shall file a new bond.

2922 (c) The surety company shall have the right to cancel the bond at
2923 any time by a written notice to the principal stating the date
2924 cancellation shall take effect. Such notice shall be sent by certified mail
2925 to the principal at least thirty days prior to the date of cancellation. A
2926 surety bond shall not be cancelled unless the surety company notifies
2927 the commissioner in writing not less than thirty days prior to the
2928 effective date of cancellation. After receipt of such notification from the
2929 surety company, the commissioner shall give written notice to the
2930 principal of the date such bond cancellation shall take effect and such
2931 notice shall be deemed notice to each mortgage loan originator licensee
2932 sponsored by such principal. The commissioner shall automatically
2933 suspend the licenses of a mortgage lender, mortgage correspondent
2934 lender or mortgage broker on such date and inactivate the licenses of
2935 the mortgage loan originators sponsored by such lender,
2936 correspondent lender or broker. On and after October 1, 2011, in the
2937 case of a cancellation of an exempt registrant's bond, the commissioner
2938 shall inactivate the licenses of the mortgage loan originators sponsored
2939 by such exempt registrant. No automatic suspension or inactivation
2940 shall occur if, prior to the date that the bond cancellation shall take
2941 effect, (1) the principal submits a letter of reinstatement of the bond
2942 from the surety company or a new bond, (2) the mortgage lender,
2943 mortgage correspondent lender or mortgage broker licensee has
2944 ceased business and has surrendered all licenses in accordance with
2945 subsection (a) of section 36a-490, or (3) in the case of a mortgage loan
2946 originator licensee, the sponsorship with the mortgage lender,
2947 mortgage correspondent lender or mortgage broker who was
2948 automatically suspended pursuant to this section or, after October 1,
2949 2011, with the exempt registrant who failed to provide the bond
2950 required by this section, has been terminated and a new sponsor has
2951 been requested and approved. After a mortgage lender, mortgage
2952 correspondent lender or mortgage broker license has been

2953 automatically suspended pursuant to this section, the commissioner
2954 shall give such licensee notice of the automatic suspension, pending
2955 proceedings for revocation or refusal to renew pursuant to section 36a-
2956 494 and an opportunity for a hearing on such action in accordance
2957 with section 36a-51, as amended by this act, and require such licensee
2958 to take or refrain from taking such action as in the opinion of the
2959 commissioner will effectuate the purposes of this section. Effective
2960 October 1, 2011, the commissioner may provide information to an
2961 exempt registrant concerning actions taken by the commissioner
2962 pursuant to this subsection against any mortgage loan originator
2963 licensee that was sponsored and bonded by such exempt registrant.

2964 (d) The penal sum of the bond required by subdivisions (1) to (3),
2965 inclusive, of subsection (a) of this section shall be determined as
2966 follows:

2967 (1) An applicant for an initial mortgage lender license or mortgage
2968 correspondent lender license shall file a bond in a penal sum of one
2969 hundred thousand dollars in connection with its application for the
2970 main office.

2971 (2) An applicant for an initial mortgage broker license shall file a
2972 bond in a penal sum of fifty thousand dollars in connection with its
2973 application for the main office.

2974 (3) Effective October 1, 2011, an exempt registrant under subsection
2975 (c) of section 36a-487 who is exempt from licensing under subdivision
2976 (1), (2) or (3) of subsection (a) of section 36a-487, as amended by this
2977 act, shall file a bond in a penal sum of one hundred thousand dollars
2978 the first time such exempt registrant sponsors a mortgage loan
2979 originator.

2980 (4) Effective October 1, 2011, an exempt registrant under subsection
2981 (c) of section 36a-487 who is exempt from licensure under subsection
2982 (b) of section 36a-487 shall file a bond in a penal sum of fifty thousand
2983 dollars the first time such exempt registrant sponsors a mortgage loan
2984 originator.

2985 (5) Effective October 1, 2011, an exempt registrant under subsection
2986 (c) of section 36a-487, as who is exempt from licensure under
2987 subdivision [(2)] (4) of subsection (a) of section 36a-487, as amended by
2988 this act, shall file a bond in a penal sum as set forth in section 36a-671d.

2989 (6) (A) For mortgage lender and mortgage correspondent lender
2990 licensees, and, after October 1, 2011, persons sponsoring and bonding
2991 at least one mortgage loan originator as an exempt registrant under
2992 subsection (c) of section 36a-487 and who are exempt from licensing
2993 under subdivision (1), (2) or (3) of subsection (a) of section 36a-487, as
2994 amended by this act, if (i) the aggregate dollar amount of all residential
2995 mortgage loans originated by such licensee at all licensed locations or
2996 by the exempt registrant during the preceding twelve-month period
2997 ending July thirty-first of the current year is less than thirty million
2998 dollars, the penal sum of the bond shall be one hundred thousand
2999 dollars; (ii) the aggregate dollar amount of all residential mortgage
3000 loans originated by such licensee at all licensed locations or by the
3001 exempt registrant during the preceding twelve-month period ending
3002 July thirty-first of the current year is thirty million dollars or more but
3003 less than one hundred million dollars, the penal sum of the bond shall
3004 be two hundred thousand dollars; (iii) the aggregate dollar amount of
3005 all residential mortgage loans originated by such licensee at all
3006 licensed locations or by the exempt registrant during the preceding
3007 twelve-month period ending July thirty-first of the current year is one
3008 hundred million dollars or more but less than two hundred fifty
3009 million dollars, the penal sum of the bond shall be three hundred
3010 thousand dollars; and (iv) the aggregate dollar amount of all
3011 residential mortgage loans originated by such licensee at all licensed
3012 locations or by the exempt registrant during the preceding twelve-
3013 month period ending July thirty-first of the current year is two
3014 hundred fifty million dollars or more, the penal sum of the bond shall
3015 be five hundred thousand dollars.

3016 (B) For mortgage broker licensees and, after October 1, 2011, persons
3017 who are sponsoring and bonding at least one mortgage loan originator
3018 as an exempt registrant under subsection (c) of section 36a-487 and

3019 who are exempt from licensing under subsection (b) of section 36a-487
3020 if (i) the aggregate dollar amount of all residential mortgage loans
3021 originated by such licensee at all licensed locations or by the exempt
3022 registrant during the preceding twelve-month period ending July
3023 thirty-first of the current year is less than thirty million dollars, the
3024 penal sum of the bond shall be fifty thousand dollars; (ii) the aggregate
3025 dollar amount of all residential mortgage loans originated by such
3026 licensee at all licensed locations or by the exempt registrant during the
3027 preceding twelve-month period ending July thirty-first of the current
3028 year is thirty million dollars or more but less than fifty million dollars,
3029 the penal sum of the bond shall be one hundred thousand dollars; and
3030 (iii) the aggregate dollar amount of all residential mortgage loans
3031 originated by such licensee at all licensed locations or by the exempt
3032 registrant during the preceding twelve-month period ending July
3033 thirty-first of the current year is fifty million dollars or more, the penal
3034 sum of the bond shall be one hundred fifty thousand dollars.

3035 (7) For purposes of this subsection, the aggregate dollar amount of
3036 all residential mortgage loans originated by such licensee or, after
3037 October 1, 2011, such exempt registrant, includes the aggregate dollar
3038 amount of all closed residential mortgage loans that the licensee or
3039 exempt registrant originated, brokered or made, as applicable.

3040 (8) Financial information necessary to verify the aggregate dollar
3041 amount of residential mortgage loans originated shall be filed with the
3042 commissioner, as the commissioner may require, and shall be reported
3043 on the system at such time and in such form as the system may
3044 require.

3045 (9) The commissioner may require a change in the penal sum of the
3046 bond if the commissioner determines at any time that the aggregate
3047 dollar amount of all residential mortgage loans originated warrants a
3048 change in the penal sum of the bond.

3049 Sec. 48. Subdivision (3) of subsection (b) of section 36a-486 of the
3050 general statutes is repealed and the following is substituted in lieu

3051 thereof (*Effective October 1, 2014*):

3052 (3) No individual shall engage in the activities of a loan processor or
3053 underwriter unless such individual obtains and maintains a license as
3054 a loan processor or underwriter under section 36a-489. The following
3055 individuals are exempt from the foregoing license requirement:

3056 (A) An employee of a licensed mortgage lender, mortgage
3057 correspondent lender or mortgage broker who engages in loan
3058 processor or underwriter activities (i) in connection with residential
3059 mortgage loans either originated or made by such licensee, and (ii) at
3060 the direction of and subject to the supervision of a licensed mortgage
3061 loan originator of such licensee;

3062 (B) An employee of a person exempt from licensure under
3063 subdivision (1), (2) or (3) of subsection (a) of section 36a-487, as
3064 amended by this act, who engages in loan processor or underwriter
3065 activities at the direction of and subject to the supervision of either a
3066 licensed mortgage loan originator or a registered mortgage loan
3067 originator of such exempt person; or

3068 (C) Any individual engaged, in any capacity in loan processor or
3069 underwriter activities in connection with a residential mortgage loan
3070 originated by an individual not required to be licensed or registered as
3071 a mortgage loan originator under this part.

3072 Sec. 49. Subsection (b) of section 36b-21 of the 2014 supplement to
3073 the general statutes is repealed and the following is substituted in lieu
3074 thereof (*Effective from passage*):

3075 (b) The following transactions are exempted from sections 36b-16
3076 and 36b-22: (1) Any isolated nonissuer transaction, whether effected
3077 through a broker-dealer or not; (2) any nonissuer transaction by a
3078 registered agent of a registered broker-dealer in a security of a class
3079 that has been outstanding in the hands of the public for at least ninety
3080 days provided, at the time of the transaction: (A) The security is sold at
3081 a price reasonably related to the current market price of the security;

3082 (B) the security does not constitute the whole or part of an unsold
3083 allotment to, or a subscription or participation by, the broker-dealer as
3084 an underwriter of the security; (C) a nationally recognized securities
3085 manual contains (i) a description of the business and operations of the
3086 issuer; (ii) the names of the issuer's officers and directors or, in the case
3087 of a non-United States issuer, the corporate equivalents of such
3088 persons in the issuer's country of domicile; (iii) an audited balance
3089 sheet of the issuer as of a date within eighteen months, or in the case of
3090 a reorganization or merger where the parties to the reorganization or
3091 merger had such audited balance sheet, a pro forma balance sheet; and
3092 (iv) an audited income statement for each of the issuer's immediately
3093 preceding two fiscal years, or for the period of existence of the issuer, if
3094 in existence for less than two years, or in the case of a reorganization or
3095 merger where the parties to the reorganization or merger had such
3096 audited income statement, a pro forma income statement; and (D) the
3097 issuer of the security has a class of equity securities listed on a national
3098 securities exchange registered under the Securities Exchange Act of
3099 1934, or designated for trading on the National Association of
3100 Securities Dealers Automated Quotation System, unless the issuer,
3101 including any predecessors of the issuer (i) has been engaged in
3102 continuous business for at least three years or (ii) has total assets of at
3103 least two million dollars based on an audited balance sheet of the
3104 issuer as of a date within eighteen months, or in the case of a
3105 reorganization or merger where the parties to the reorganization or
3106 merger had such audited balance sheet, a pro forma balance sheet. The
3107 exemption in this subdivision shall not be available for any
3108 distribution of securities issued by a blank check company, shell
3109 company, dormant company or any issuer that has been merged or
3110 consolidated with or has bought out a blank check company, shell
3111 company or dormant company unless the issuer or any predecessor
3112 has continuously operated its business for at least the preceding five
3113 years and has had gross operating revenue in each of the preceding
3114 five years, including gross operating revenue of at least five hundred
3115 thousand dollars per year in three of the preceding five years; (3) any
3116 nonissuer distribution of an outstanding security if the security has a

3117 fixed maturity or a fixed interest or dividend provision and there has
3118 been no default during the current fiscal year or within the three
3119 preceding fiscal years, or during the existence of the issuer and any
3120 predecessors if less than three years, in the payment of principal,
3121 interest or dividends on the security; (4) any nonissuer transaction
3122 effected by or through a registered broker-dealer pursuant to an
3123 unsolicited order or offer to buy; but the commissioner may by
3124 regulation require that the customer acknowledge upon a specified
3125 form that the sale was unsolicited, and that a signed copy of each such
3126 form be preserved by the broker-dealer for a specified period or that
3127 the confirmation delivered to the purchaser or a memorandum
3128 delivered in connection therewith shall confirm that such purchase
3129 was unsolicited by the broker-dealer or any agent of the broker-dealer;
3130 (5) any transaction between the issuer or other person on whose behalf
3131 the offering is made and an underwriter, or among underwriters; (6)
3132 any transaction in a bond or other evidence of indebtedness secured by
3133 a real or chattel mortgage or deed of trust or by an agreement for the
3134 sale of real estate or chattels, if the entire mortgage, deed of trust or
3135 agreement, together with all the bonds or other evidences of
3136 indebtedness secured thereby, is offered and sold as a unit; (7) any
3137 transaction by an executor, administrator, state marshal, marshal,
3138 receiver, trustee in bankruptcy, creditors' committee in a proceeding
3139 under the Bankruptcy Act, guardian or conservator; (8) any transaction
3140 executed by a bona fide pledgee without any purpose of evading
3141 sections 36b-2 to 36b-34, inclusive; (9) any offer or sale to a bank and
3142 trust company, a national banking association, a savings bank, a
3143 savings and loan association, a federal savings and loan association, a
3144 federal savings bank, a credit union, a federal credit union, trust
3145 company, insurance company, investment company as defined in the
3146 Investment Company Act of 1940, pension or profit-sharing trust, or
3147 other financial institution or institutional buyer, or to a broker-dealer,
3148 whether the purchaser is acting for itself or in some fiduciary capacity;
3149 (10) (A) subject to the provisions of this subdivision, any transaction
3150 not involving a public offering within the meaning of [Section 4(2)]
3151 Section 4(a)(2) of the Securities Act of 1933, but not including any

3152 transaction specified in the rules and regulations thereunder. (B)
3153 Subject to the provisions of this subdivision, any transaction made in
3154 accordance with the uniform exemption from registration for small
3155 issuers authorized in Section 19(d)(3)(C) of the Securities Act of 1933.
3156 (C) The exemptions set forth in subparagraphs (A) and (B) of this
3157 subdivision shall not be available for transactions in securities issued
3158 by any blank check company, shell company or dormant company. (D)
3159 The exemptions set forth in subparagraphs (A) and (B) of this
3160 subdivision may, with respect to any security or transaction or any
3161 type of security or transaction, be modified, withdrawn, further
3162 conditioned or waived as to conditions, in whole or in part,
3163 conditionally or unconditionally, by the commissioner, acting by
3164 regulation, rule or order, on a finding that such regulation, rule or
3165 order is necessary or appropriate in the public interest or for the
3166 protection of investors. (E) A nonrefundable fee of one hundred fifty
3167 dollars shall accompany any filing made with the commissioner
3168 pursuant to this subdivision; (11) any offer or sale of a preorganization
3169 certificate or subscription if (A) no commission or other remuneration
3170 is paid or given directly or indirectly for soliciting any prospective
3171 subscriber, (B) the number of subscribers does not exceed ten, and (C)
3172 no payment is made by any subscriber; (12) any transaction pursuant
3173 to an offer to existing security holders of the issuer, including persons
3174 who at the time of the transaction are holders of convertible securities,
3175 nontransferable warrants or transferable warrants exercisable within
3176 not more than ninety days of their issuance, if (A) no commission or
3177 other remuneration other than a standby commission is paid or given
3178 directly or indirectly for soliciting any security holder in this state, or
3179 (B) the issuer first files a notice, in such form and containing such
3180 information as the commissioner may by regulation prescribe,
3181 specifying the terms of the offer and the commissioner does not by
3182 order disallow the exemption within the next ten full business days;
3183 (13) any offer, but not a sale, of a security for which registration
3184 statements have been filed under both sections 36b-2 to 36b-34,
3185 inclusive, and the Securities Act of 1933, if no stop order or refusal
3186 order is in effect and no public proceeding or examination looking

3187 toward such an order is pending under either said sections or the
3188 Securities Act of 1933; (14) any transaction exempt under Section
3189 4(a)(5) of the Securities Act of 1933, and the rules and regulations
3190 thereunder. The issuer shall, prior to the first sale, file with the
3191 commissioner a notice, in such form and containing such information
3192 as the commissioner may by regulation, rule or order prescribe. A
3193 nonrefundable fee of one hundred fifty dollars shall accompany any
3194 such filing made pursuant to this subdivision; (15) any transaction if
3195 all the following conditions are satisfied: (A) The offer and sale is
3196 effectuated by the issuer of the security; (B) the total number of
3197 purchasers of all securities of the issuer does not exceed ten. A
3198 subsequent sale of securities that (i) is registered under sections 36b-2
3199 to 36b-34, inclusive, (ii) is sold pursuant to an exemption under said
3200 sections other than this subdivision, or (iii) involves covered securities,
3201 shall not be integrated with a sale pursuant to this exemption in
3202 computing the number of purchasers hereunder. For the purpose of
3203 this subdivision, each of the following is deemed to be a single
3204 purchaser of a security: A husband and wife, a child and the parent or
3205 guardian of such child when the parent or guardian holds the security
3206 for the benefit of the child, a corporation, a partnership, an association
3207 or other unincorporated entity, a joint stock company or a trust, but
3208 only if the corporation, partnership, association, unincorporated entity,
3209 joint stock company or trust was not formed for the purpose of
3210 purchasing the security; (C) no advertisement, article, notice or other
3211 communication published in any newspaper, magazine or similar
3212 medium, broadcast over television or radio or communicated by other
3213 electronic means or any other general solicitation is used in connection
3214 with the sale; and (D) no commission, discount or other remuneration
3215 is paid or given directly or indirectly in connection with the offer and
3216 sale, and the total expenses, excluding legal and accounting fees, in
3217 connection with the offer and sale do not exceed one per cent of the
3218 total sales price of the securities. For purposes of this subdivision, a
3219 difference in the purchase price among the purchasers shall not, in and
3220 of itself, be deemed to constitute indirect remuneration; (16) any
3221 transaction exempt under Rule 701, 17 CFR Section 230.701

3222 promulgated under Section 3(b) of the Securities Act of 1933; and (17)
3223 any other transaction that the commissioner may exempt,
3224 conditionally or unconditionally, on a finding that registration is not
3225 necessary or appropriate in the public interest or for the protection of
3226 investors.

3227 Sec. 50. (NEW) (*Effective October 1, 2014*) (a) There is established a
3228 Commission on Connecticut's Leadership in Corporation and Business
3229 Law, which shall be part of the Legislative Department.

3230 (b) The commission shall consist of:

3231 (1) The chairperson of the business law section of the Connecticut
3232 Bar Association;

3233 (2) The Commissioner of Economic and Community Development,
3234 or a designee;

3235 (3) The Chief Court Administrator, or a designee;

3236 (4) The chairpersons of the joint standing committee of the General
3237 Assembly having cognizance of matters relating to banks, or their
3238 designees chosen from among the members of such committee;

3239 (5) The chairpersons of the joint standing committee of the General
3240 Assembly having cognizance of matters relating to the judiciary, or
3241 their designees chosen from among the members of such committee;

3242 (6) The chairpersons of the joint standing committee of the General
3243 Assembly having cognizance of matters relating to commerce, or their
3244 designees chosen from among the members of such committee;

3245 (7) Six members appointed one each by the president pro tempore
3246 of the Senate, the speaker of the House of Representatives, the majority
3247 leader of the Senate, the majority leader of the House of
3248 Representatives, the minority leader of the Senate and the minority
3249 leader of the House of Representatives; and

3250 (8) Two members appointed by the Governor.

3251 (c) The members of the commission shall elect a chairperson of the
3252 commission from among its members. The commission shall meet at
3253 such times as it deems necessary.

3254 (d) The commission shall:

3255 (1) Develop and recommend policies to establish the state as a
3256 leading and highly desirable jurisdiction in which to (A) organize a
3257 business entity, and (B) adjudicate matters related to corporation and
3258 business law;

3259 (2) Develop and recommend policies to attract and encourage
3260 business entities to organize under Connecticut law and establish and
3261 maintain their headquarters and significant business operations in
3262 Connecticut;

3263 (3) Examine the impact of statutory and common law in this state,
3264 the state of Delaware, the state of New York and other states on the
3265 organization of business entities and the retention of such business
3266 entities in this state and recommend legislation or other administrative
3267 or policy changes to the Governor and the General Assembly to
3268 achieve the purposes set forth in subdivisions (1) and (2) of this
3269 subsection. In conducting such examination, the commission shall
3270 consider, but not limit consideration to, the following:

3271 (A) The impact of the Connecticut Business Corporation Act, section
3272 33-600, et seq., of the general statutes;

3273 (B) The impact of state business taxes, including, but not limited to,
3274 the franchise tax and the corporation business tax;

3275 (C) The impact of Judicial Branch operations on business entity
3276 organization, including, but not limited to, the rules of the Superior
3277 Court, the complex litigation docket and the composition of the
3278 Judicial Branch in general;

3279 (D) The impact of the office of the Secretary of the State and the
3280 state's procedures for business entity organization and filing,
3281 including, but not limited to, the state's electronic and accelerated
3282 formation and filing capabilities;

3283 (E) The impact of the Delaware General Corporation Law, Title 8 of
3284 the Delaware Code, the Delaware Court of Chancery and other
3285 statutory and administrative provisions in Delaware law on the
3286 economy and economic development in the state of Delaware, and the
3287 influence of Delaware law on the adjudication of corporate and
3288 business disputes in Connecticut courts; and

3289 (F) The impact of the New York Business Corporation Law, the
3290 commercial division of the Supreme Court of the state of New York,
3291 and other statutory and administrative provisions in New York law on
3292 the economy and economic development of the state of New York and
3293 the influence of New York law on the adjudication of corporate and
3294 business disputes in Connecticut courts.

3295 (4) Develop and recommend policies to enhance and improve the
3296 Connecticut Business Corporation Act to achieve the purposes set forth
3297 in subdivisions (1) and (2) of this subsection;

3298 (5) Develop and recommend policies to establish a docket in the
3299 Judicial Branch with exclusive jurisdiction over all matters concerning
3300 business entity organization, shareholders, securities, and business
3301 combinations or transactions involving the sale or transfer of
3302 ownership interests or assets, to achieve the purposes set forth in
3303 subdivisions (1) and (2) of this subsection; and

3304 (6) Develop and recommend policies to assist the Secretary of the
3305 State to develop best-in-the-nation business services and support,
3306 including, but not limited to, a state-of-the-art business entity
3307 organization and filing system that enables accelerated access to
3308 business services twenty-four hours a day, to achieve the purposes set
3309 forth in subdivisions (1) and (2) of this subsection.

3310 For purposes of this subsection, "business entity" means a corporation,
3311 association, partnership, limited liability company or any other similar
3312 form of business organization.

3313 (e) Not later than October 1, 2015, the commission shall develop and
3314 submit to the General Assembly a ten-year plan of action to establish
3315 Connecticut's leadership in corporation and business organizations
3316 law and to achieve the purposes set forth in subdivisions (1) and (2) of
3317 this subsection.

3318 Sec. 51. (*Effective from passage*) (a) There is established a task force to
3319 study the reverse mortgage industry. Such study shall include, but not
3320 be limited to, an examination of (1) state-wide best practices of the
3321 reverse mortgage industry, including, but not limited to, such practices
3322 concerning consumer protection, (2) existing federal regulations and
3323 any proposed new or revised federal regulations governing consumer
3324 protection requirements in the context of reverse mortgage
3325 transactions, and (3) any decisions rendered by a federal court,
3326 Connecticut court or other state court that impact the reverse mortgage
3327 industry and reverse mortgage transactions in this state.

3328 (b) The task force shall consist of the following members:

3329 (1) One appointed by the speaker of the House of Representatives,
3330 who shall be a member of the House of Representatives;

3331 (2) One appointed by the president pro tempore of the Senate, who
3332 shall be a representative from a nonprofit, nonpartisan organization
3333 that provides information, support, security, protection and
3334 empowerment to older persons;

3335 (3) One appointed by the majority leader of the House of
3336 Representatives, who shall have expertise in the reverse mortgage
3337 industry;

3338 (4) One appointed by the majority leader of the Senate, who shall be
3339 a representative of the Department of Consumer Protection;

3340 (5) One appointed by the minority leader of the House of
 3341 Representatives, who shall be a representative of the Commission on
 3342 Aging; and

3343 (6) One appointed by the minority leader of the Senate, who shall be
 3344 a member of the Senate.

3345 (c) All appointments to the task force shall be made not later than
 3346 thirty days after the effective date of this section. Any vacancy shall be
 3347 filled by the appointing authority.

3348 (d) The speaker of the House of Representatives and the president
 3349 pro tempore of the Senate shall select the chairpersons of the task force
 3350 from among the members of the task force. Such chairpersons shall
 3351 schedule the first meeting of the task force, which shall be held not
 3352 later than sixty days after the effective date of this section.

3353 (e) The administrative staff of the joint standing committee of the
 3354 General Assembly having cognizance of matters relating to banks shall
 3355 serve as administrative staff of the task force.

3356 (f) Not later than January 1, 2015, the task force shall submit a report
 3357 on its findings and recommendations to the joint standing committees
 3358 of the General Assembly having cognizance of matters relating to
 3359 banks and aging, in accordance with the provisions of section 11-4a of
 3360 the general statutes. The task force shall terminate on the date that it
 3361 submits such report or January 1, 2015, whichever is later.

This act shall take effect as follows and shall amend the following sections:		
Section 1	October 1, 2014	36a-715
Sec. 2	October 1, 2014	36a-716
Sec. 3	October 1, 2014	36a-717
Sec. 4	October 1, 2014	36a-718
Sec. 5	October 1, 2014	New section
Sec. 6	October 1, 2014	New section
Sec. 7	October 1, 2014	New section

Sec. 8	<i>October 1, 2014</i>	New section
Sec. 9	<i>October 1, 2014</i>	New section
Sec. 10	<i>January 1, 2015</i>	New section
Sec. 11	<i>January 1, 2015</i>	New section
Sec. 12	<i>January 1, 2015</i>	New section
Sec. 13	<i>January 1, 2015</i>	New section
Sec. 14	<i>October 1, 2014</i>	New section
Sec. 15	<i>October 1, 2014</i>	New section
Sec. 16	<i>October 1, 2014</i>	New section
Sec. 17	<i>October 1, 2014</i>	New section
Sec. 18	<i>October 1, 2014</i>	36a-1
Sec. 19	<i>October 1, 2014</i>	36a-65(c)(6)
Sec. 20	<i>October 1, 2014</i>	36a-412(a)(4)
Sec. 21	<i>October 1, 2014</i>	36a-487(a)
Sec. 22	<i>October 1, 2014</i>	36a-671c
Sec. 23	<i>October 1, 2014</i>	49-2a
Sec. 24	<i>October 1, 2014</i>	49-2c
Sec. 25	<i>October 1, 2014</i>	36a-145(o)
Sec. 26	<i>October 1, 2014</i>	36a-633(a)
Sec. 27	<i>from passage</i>	36a-70(q)
Sec. 28	<i>from passage</i>	36a-2
Sec. 29	<i>from passage</i>	36a-3
Sec. 30	<i>from passage</i>	36a-485
Sec. 31	<i>from passage</i>	36a-21
Sec. 32	<i>from passage</i>	36a-51(c)
Sec. 33	<i>October 1, 2014</i>	New section
Sec. 34	<i>October 1, 2014</i>	36a-486(b)(2)
Sec. 35	<i>October 1, 2014</i>	36a-498e(10)
Sec. 36	<i>October 1, 2014</i>	36a-489a
Sec. 37	<i>from passage</i>	49-31l
Sec. 38	<i>from passage</i>	49-31n
Sec. 39	<i>from passage</i>	36a-801(g)
Sec. 40	<i>from passage</i>	34-600(30) and (31)
Sec. 41	<i>from passage</i>	34-600(38)
Sec. 42	<i>from passage</i>	36a-17(a)
Sec. 43	<i>from passage</i>	36a-196(a)
Sec. 44	<i>from passage</i>	36a-380(c)
Sec. 45	<i>from passage</i>	36a-534b(c)(3)
Sec. 46	<i>July 1, 2014</i>	New section
Sec. 47	<i>October 1, 2014</i>	36a-492

Sec. 48	<i>October 1, 2014</i>	36a-486(b)(3)
Sec. 49	<i>from passage</i>	36b-21(b)
Sec. 50	<i>October 1, 2014</i>	New section
Sec. 51	<i>from passage</i>	New section

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 15 \$	FY 16 \$
Banking Dept.	BF - Revenue Gain	up to 50,000	See Explanation
Judicial Dept.	BF - Cost	5.9 million	6.3 million
Various Agencies	GF,BF - Potential Cost	Less than 1,000	Less than 1,000

Municipal Impact: None

Explanation

The bill results in a revenue gain of up to \$50,000 in FY 15 to the Banking Fund by expanding the scope of services subject to licensure to include mortgage servicers. It is anticipated that up to 50 mortgage servicers may be licensed as a result of the bill. The fee (\$1,000) is paid biennially and it is possible some of the anticipated revenue could occur in FY 16 rather than FY 15.

The bill results in a cost of approximately \$5.9 million in FY 15 and \$6.3 million in FY 16 to the Banking Fund by extending the foreclosure mediation program in the Judicial Department. This includes 50 positions and programmatic funding. The program is currently scheduled to end in FY 14. PA 13-184, the FY 14 and FY 15 Budget, includes a \$5.9 million Banking Fund appropriation for the foreclosure mediation program.

There may be Banking and General Fund costs of less than \$1,000 in FY 15 to those agencies participating in the Commission of Connecticut's Leadership in Corporation and Business Law and the task force to study reverse mortgage transactions established by the

bill to reimburse legislators and agency staff for mileage. There may also be similar costs of less than \$1,000 associated with the Commission in FY 16.

The bill makes other changes that do not result in a fiscal impact to the Department of Banking.

House Amendment “A” ends the Judicial Department Foreclosure Mediation Program after FY 16 and eliminates the FY 17 and FY 18 Banking Fund cost to the Judicial Department, \$6.7 million and \$7.2 million respectively, in the underlying bill. It also establishes the Commission of Connecticut’s Leadership in Corporation and Business Law and the task force to study reverse mortgage transactions whose fiscal impact is described above. Finally, the amendment makes additional technical and clarifying changes that have no fiscal impact.

The Out Years

State Impact:

Agency Affected	Fund-Effect	FY 17 \$	FY 18 \$	FY 19 \$
Banking Dept.	BF - Revenue Gain	up to 50,000	See Explanation	up to 50,000

Municipal Impact: None

OLR Bill Analysis**sHB 5353 (as amended by House "A")******AN ACT CONCERNING MORTGAGE SERVICERS, CONNECTICUT FINANCIAL INSTITUTIONS, CONSUMER CREDIT LICENSES, THE FORECLOSURE MEDIATION PROGRAM AND MINOR REVISIONS TO THE BANKING STATUTES.*****SUMMARY:**

This bill makes numerous unrelated changes regarding financial services companies. Among other things, it:

1. renames mortgage servicing companies “mortgage servicers”, modifies who is subject to licensure, expands the scope of services subject to licensure, adds new licensing, application, fee, bonding, and recordkeeping requirements, specifies standards of conduct for servicers, and provides the commissioner with authority to conduct investigations and examinations and take enforcement actions against violators;
2. modifies the exemptions from mortgage lender, mortgage correspondent lender, mortgage broker, and debt negotiator licensure that apply to certain subsidiaries of banks and credit unions and makes parallel changes in bonding requirements as they pertain to such entities;
3. establishes procedural requirements for a Connecticut bank that proposes to close a loan production office;
4. prohibits the transfer and assignment of a business and industry development corporation’s license;
5. allows certain New Jersey and Pennsylvania banks to join a group of banks that own Connecticut-chartered “bankers’ bank”;

6. expands the definition of an “automatic teller machine” to include those equipped with a telephone or televideo device that allows contact with bank employees;
7. extends the banking commissioner’s authority to use the Nationwide Mortgage Licensing System and Registry, authorizes the system to receive and maintain licensing and registration records, and establishes filing, licensing, fees, reports, and other system procedures and requirements;
8. narrows the scope of the exemption from mortgage loan originator licensure that applies to certain attorneys;
9. increases the prelicensing and continuing education and testing requirements for mortgage lenders, mortgage correspondent lenders, and mortgage brokers;
10. extends the state’s foreclosure mediation program by two years, until July 1, 2016, requires that the program operate within available appropriations, and requires the chief court administrator to develop a premediation review protocol;
11. limits the automatic suspension of a consumer collection agency license due to a dishonored payment of licensing fees;
12. establishes a mechanism for specified business entities to change their entity type;
13. creates a 17-member Commission on Connecticut’s Leadership in Corporation and Business Law, within the Legislative Branch; and
14. establishes a six-member task force to study the reverse mortgage industry.

The bill also makes technical and conforming changes and corrects improper references (§§ 2 & 3, 23 & 24, 41-45, and 47-49).

*House Amendment "A" (1) modifies the bank and credit union subsidiaries that are exempt from the mortgage servicer, mortgage lender, mortgage correspondent lender, mortgage broker, and debt negotiator licensing requirements and makes parallel changes in bonding requirements as they pertain to such entities; (2) defines "experience in the mortgage servicing business" for the purpose of mortgage servicers' licensure prerequisites; (3) reduces, from four to two years the foreclosure mediation program extension, requires that the program operate within available appropriations, and requires the chief court administrator to develop a premediation review protocol; (4) creates a 17-member Commission on Connecticut's Leadership in Corporation and Business Law, within the Legislative Branch; (5) establishes a six-member task force to study the reverse mortgage industry; and (5) makes technical and conforming changes.

EFFECTIVE DATE: Various, see section-by-section analysis below.

§§ 1-20 AND 23 & 24 — MORTGAGE SERVICERS

§ 1 — Definitions

By law, a mortgage servicing company is any person who services a first mortgage loan. The bill changes the term "mortgage servicing company" to "mortgage servicer" and expands the scope of services to include (1) residential mortgage loans beyond the first loan, (2) home equity conversion mortgages, and (3) reverse mortgages.

The bill defines a "branch office" as a location other than the main office at which a licensee or any person on the licensee's behalf acts as a mortgage servicer.

Under current law, a "mortgagor" is any person who is obligated to repay a first mortgage loan. The bill expands this beyond the first loan, but limits it to residential mortgage loans.

The bill defines "mortgagee" as the lender of a residential mortgage or the last person to whom the residential mortgage has been assigned of record. A "residential mortgage loan" is any loan primarily for

personal, family, or household use that is secured by a mortgage, deed of trust, or other equivalent consensual security interest on a (1) single or multi-family (up to four units) residence located in Connecticut or (2) real property located in the state and slated as the future site for residential home(s).

Under the bill, “system” means the Nationwide Mortgage Licensing System and Registry, NMLS, NMLSR or any other name or acronym that may be assigned to the multistate system developed by the Conference of State Bank Supervisors and the American Association of Residential Mortgage Regulators, owned and operated by the State Regulatory Registry, LLC, or any successor or affiliated entity, for the licensing and registration of persons in the mortgage and other financial services industries.

EFFECTIVE DATE: October 1, 2014

§ 4 — *Licensure Requirement*

The bill generally requires any person acting as a mortgage servicer to obtain a license from the banking commissioner for its main office and each branch office from which it conducts business, effective January 1, 2015.

The bill exempts the following from the mortgage servicer licensing requirements:

1. any federally insured bank, out-of-state bank, Connecticut credit union, federal credit union, or out-of-state credit union;
2. any wholly owned subsidiary of such a bank or credit union;
3. any operating subsidiary where each owner of the operating subsidiary is wholly owned by the same such bank or credit union; and
4. any person licensed as a mortgage lender in this state while acting as a mortgage servicer from a location licensed as a main

office or branch office, if the person meets the bond and errors and omissions coverage requirements. This exemption does not apply when the mortgage lender's state license is suspended.

The bill removes provisions related to the banking commissioner's powers to take action against a mortgage servicing company for failing to provide services, including paying the mortgagor's taxes and insurance premiums from the designated escrow account. The bill provides new enforcement authority.

EFFECTIVE DATE: October 1, 2014

§ 5 — Application Requirements

Prerequisites to Licensure. The bill requires the commissioner to issue a mortgage servicer license if he finds that:

1. the applicant has identified a "qualified individual" within its main office and each branch office who (a) has supervisory authority over the mortgage servicer activities at his or her office location and (b) has at least three years' "experience in the mortgage servicing business" within the five years immediately preceding the application date;
2. the applicant's control persons, the qualified individual, and any branch manager with supervisory authority at the office for which the license is sought have not been convicted of, or pled guilty or nolo contendere in a domestic, foreign, or military court at any time before the application date to (a) a felony during the seven-year period before the date of the application or (b) a felony involving an act of fraud or dishonesty, a breach of trust, or money laundering;
3. demonstrates that the financial responsibility, character, and general fitness of the applicant, the control persons of the applicant, the qualified individual, and any branch manager having supervisory authority over the office for which the license is sought warrant a determination that the applicant will

operate honestly, fairly, and efficiently, and consistent with the bill's and law's purpose;

4. has met the bill's surety bond, fidelity bond, and errors and omissions coverage requirement;
5. has not made a material misstatement in the application; and
6. other similar requirements.

The bill prohibits the commissioner from issuing a license if he fails to make these findings and requires him to notify the applicant of a denial and the reasons for it.

The bill does not count pardons and expungements under Connecticut law as convictions for the purpose of a mortgage servicer license application. It specifies that the level and status of such events must be determined by the law of the jurisdiction where the case was prosecuted. If that jurisdiction does not use the terms "felony," "pardon," or "expungement," then legally equivalent terms apply.

Under the bill, "experience in the mortgage servicing business" means paid experience in the (1) servicing of mortgage loans; (2) accounting, receipt, and processing of payments on behalf of mortgagees or creditors; or (3) supervision of such activities, or any other relevant experience as determined by the commissioner.

Application. An applicant for a mortgage servicer license or license renewal must:

1. file an application form, prescribed by the commissioner, along with the required \$1,000 licensing fee with the Nationwide Mortgage Licensing System and Registry;
2. furnish the system information concerning the identity of the applicant, any control person of the applicant, the qualified individual, and any branch manager, including personal history and experience in a form the system prescribes; and

3. furnish information related to any administrative, civil, or criminal findings by any governmental jurisdiction.

The applicant must promptly notify the commissioner, in the system, of any change to the information submitted in connection with its most recent application, within 15 days of becoming aware of the changes.

The bill specifies that evidence of the qualified individual's and any branch manager's experience must include:

1. a statement specifying the duties and responsibilities of the person's employment, the term of employment, including month and year, and the name, address, and telephone number of a supervisor, employer or, if self-employed, a business reference and
2. if required by the commissioner, copies of W-2 forms, 1099 tax forms or, if self-employed, 1120 corporate tax returns, signed letters from the employer on the employer's letterhead verifying the person's duties and responsibilities and employment term, including month and year, and, if the person is unable to provide such letters, other proof satisfactory to the commissioner that the person meets the experience requirement.

The bill allows the commissioner to (1) conduct a criminal history records check of the applicant, any control person of the applicant, the qualified individual and any branch manager with supervisory authority at the office for which the license is sought and (2) require the applicant to submit fingerprints as part of the application.

License Renewal. Under current law, applicant seeking to renew a mortgage servicer license must (1) continue to meet the minimum standards for licensure and (2) pay the required renewal fees. The license expires if the minimum standards for renewal are not met.

Under the bill, the commissioner may adopt procedures for

reinstating expired licenses consistent with the standards established by the system.

The commissioner may automatically suspend a mortgage servicer license if payment of the required fees is returned or not accepted. The commissioner must (1) give the licensee notice of the automatic suspension, pending proceedings for revocation or refusal to renew set out in the bill and an opportunity for a hearing and (2) require the licensee to take or refrain from taking action as specified by the commissioner.

The bill allows the commissioner to institute a revocation or suspension proceeding or issue an order suspending or revoking the license within one year after the expiration date, if the mortgage servicer's license expires due to the licensee's failure to renew.

Withdrawn or Abandoned Application. An applicant who wishes to withdraw an application for a license must submit a notice of that intent to the commissioner. The withdrawal becomes effective when the commissioner receives the notice. The bill allows the commissioner to deny a subsequent license application for up to one year after the effective date of a withdrawal.

The bill allows the commissioner to consider an application abandoned if the applicant fails to respond to any request for information required by law. The commissioner must notify the applicant, on the system, that if the information is not submitted within 60 days from the request date, the application will be considered abandoned. Application fees for abandoned applications cannot be refunded. However, the bill allows the applicant to submit a new application with another fee.

Annual Application Filing. The bill requires a mortgage servicer to file with the commissioner, at least annually, (1) a current schedule of the ranges of costs and fees it charges mortgagors for its servicing-related activities and (2) a report in a form and format acceptable to the commissioner detailing the mortgage servicer's activities in the state,

including:

1. the number of residential mortgage loans the mortgage servicer is servicing;
2. the type and characteristics of the loans;
3. the number of serviced loans in default, along with a breakdown of 30-day, 60-day, and 90-day delinquencies;
4. information on loss mitigation activities, including details on workout arrangements undertaken; and
5. information on foreclosures commenced in the state.

EFFECTIVE DATE: October 1, 2014

§ 6 — Filing Requirements

The bill specifies various filing requirements concerning a mortgage servicer license, including (1) the process for surrendering a license, (2) name requirements, and (3) the timeframe within which the commissioner must be notified of certain events.

Transferability and Surrender of License. The bill prohibits the transfer or assignment of a mortgage servicer license. A licensee must file a request, on the system, to surrender the license for each office at which the licensee intends to cease doing business, within 15 days after it ceases acting as a mortgage servicer. The surrender takes effect when the commissioner accepts the request.

Name and Address. A licensee must use its legal name, unless the commissioner disapproves, or a fictitious name approved by the commissioner.

A mortgage servicer licensee may change its name or the address of any office specified on the most recent filing with the system if (1) the licensee files the change, with the system, at least 30 calendar days before it occurs and (2) the commissioner does not disapprove the

change, in writing, or request further information within the 30-day period. In the case of a main office or branch office, the licensee must provide the commissioner a bond rider or endorsement, or addendum, as applicable, to the bond and errors and omissions coverage on file that reflects the new name or address of the main office or branch office.

Other Filing Requirements. The mortgage servicer licensee must file with the system or, if the information cannot be filed on the system, directly notify the commissioner, in writing, within five business days of having reason to know, if the licensee:

1. files for bankruptcy or consummates a corporate restructuring;
2. is criminally indicted, or receives notice that any of its officers, directors, members, partners, or shareholders owning 10% or more of its outstanding stock is indicted for, or convicted of, a felony;
3. receives notice of the institution against it of license denial, cease and desist, suspension or revocation procedures, or other formal or informal regulatory action by any governmental agency and the reasons for the action;
4. receives notice that the attorney general of this or any other state has initiated an action, presumably against the licensee, and the reasons for it;
5. knows that its status as an approved seller or servicer has been suspended or terminated by the Federal National Mortgage Association, Federal Home Loan Mortgage Corporation or Government National Mortgage Association;
6. receives notice that certain of its servicing rights will be rescinded or cancelled, and the reasons why;
7. receives notice that any of its officers, directors, members, partners, or shareholders owning 10% or more of its outstanding

stock has filed for bankruptcy; or

8. receives notice of a consumer class action lawsuit against it that is related to the operation of the licensed business.

EFFECTIVE DATE: October 1, 2014

§ 7 — License Terms and Fees

A mortgage servicer license expires at the close of business on December 31 of the year in which it is approved, unless it is renewed. If the license was approved on or after November 1, it expires at the close of business on December 31 of the year following the year in which it is approved.

Renewal applications must be filed between November 1 and December 31 of the year in which the license expires. A license fee of \$1,000 along with any required fees or charges must be paid to the system for an initial license or renewal. All fees are nonrefundable and cannot be prorated.

EFFECTIVE DATE: October 1, 2014

§ 8 — Bond Requirements

A mortgage servicer applicant or licensee and any person, other than a bank, exempt from mortgage servicer licensure must file with the commissioner, a surety bond, a fidelity bond, and errors and omissions coverage written by a surety authorized to do business in the state. The bill prohibits anyone from acting as a mortgage servicer in the state without maintaining the required bonds, and errors and omissions coverage.

Surety Bond. The surety bond must cover the main office and any branch office where a person acts as a mortgage servicer. Under the bill, the required bond amount is \$100,000 per office location and the bond must run concurrently with the license period for the main office. The aggregate liability under the bond must not exceed \$100,000. It must be (1) in a form approved by the attorney general and (2)

conditioned on the mortgage servicer licensee or person exempt from mortgage servicer licensure faithfully performing any and all written agreements or commitments with, or for the benefit of, mortgagors and mortgagees; truly and faithfully accounting for all funds the licensee receives from a mortgagor or mortgagee in its capacity as a mortgage servicer; and conducting the mortgage business in compliance with the law.

Any mortgagor or mortgagee may proceed on the bond against the principal or surety of the bond, or both, to recover damages. The commissioner may proceed on the bond against the principal or surety of the bond, or both, to collect (1) any civil penalty or restitution imposed on a licensee and (2) any unpaid costs of an examination of a licensee.

Under the bill, bond proceeds are deemed to be held in trust for the benefit of claimants in the event of the principal's bankruptcy and must be immune from attachment by creditors and judgment creditors.

The bill requires the principal to notify the commissioner of the commencement of an action on the bond. When an action is commenced on a principal's bond, the commissioner may require the filing of a new bond. If the action results in any recovery on the bond, the principal must immediately file a new bond.

Fidelity Bond and Errors and Omissions Coverage. The required fidelity bond and errors and omissions coverage must name the commissioner as an additional loss payee on drafts the surety issues to pay for covered losses directly or indirectly incurred by mortgagors of residential mortgage loans serviced by the mortgage servicer.

The fidelity bond must cover losses arising from dishonest and fraudulent acts, embezzlement, misplacement, forgery, and similar events committed by the mortgage service's employees. The errors and omissions coverage must cover losses arising from the mortgage servicer's negligence, errors, and omissions with respect to the payment of real estate taxes and special assessments, hazard and flood

insurance, or the maintenance of mortgage and guaranty insurance.

The required fidelity bond and errors and omissions coverage amounts are based on the mortgage servicer's volume of servicing activity most recently reported to the commissioner, as follows:

1. \$300,000 if the amount of the residential mortgage loans serviced is \$100 million dollars or less or
2. if the loan amount exceeds \$100 million, the principal amount must be \$300,000 plus (a) 0.15% of the amount of residential mortgage loans serviced between \$100 million and \$500 million; (b) plus 0.125% of the amount of residential mortgage loans serviced from \$500 million to \$1 billion; and (c) plus 0.1% of the amount of residential mortgage loans serviced above \$1 billion.

The fidelity bond and errors and omissions coverage may include a deductible of no more than the greater of \$100,000 or 5% of the principal amount.

Cancellation of the Bond and Errors and Omissions Coverage.

The surety company has the right to cancel the surety bond, fidelity bond, and errors and omissions coverage at any time by a written notice to the principal and the commissioner stating the effective date of the cancellation. The notice must be sent by certified mail to the principal at least 30 days prior to the cancellation date. The commissioner must give the principal notice of the pending cancellation and suspend its license on the cancellation date.

Automatic suspension or inactivation is halted if, prior to the effective date of the cancellation, (1) the principal submits a letter of reinstatement of, or new, bond or errors or omissions coverage or (2) the mortgage servicer licensee has ceased business in the state and has surrendered all licenses.

The commissioner must (1) give a licensee notice of an automatic suspension, pending proceedings for revocation, or refusal to renew

and an opportunity for a hearing and (2) require the licensee to take or refrain from taking action as specified by the commissioner.

Under the bill, a state-licensed mortgage lender acting as a mortgage servicer from a location licensed as a main office or branch office loses its exemption from the mortgage services licensing requirements if the required surety bond, fidelity bond, or errors and omissions coverage is cancelled.

Additional Bonds Based on Financial Condition. Under the bill, the commissioner may require one or more additional bonds meeting the standards described above, if he finds a mortgage servicer's or mortgage lender licensee's financial condition warrants it. The licensee must file any additional bonds within 10 days after receiving the commissioner's written notice of a requirement to do so. A mortgage servicer or mortgage lender licensee must file any bond rider or endorsement or addendum the commissioner requires.

EFFECTIVE DATE: October 1, 2014

§ 9 — Records Retention

A mortgage servicer licensee and person exempt from licensure must (1) maintain adequate records of each residential mortgage loan transaction at the office named in the mortgage servicer or mortgage lender license or (2) if requested by the commissioner, make the records available at the office or send them to the commissioner within five business days of the request. The records must be sent by registered or certified mail, return receipt requested, or by any express delivery carrier that provides a dated delivery receipt. The commissioner may grant additional time. The records must provide the following information:

1. an adequate loan history for residential mortgage loans on which the mortgage servicer makes or receives payments, itemizing the amount and date of each payment and the unpaid balance at all times;

2. the original or an exact copy of the note, residential mortgage, or other evidence of indebtedness and mortgage deed;
3. the name and address of the mortgage lender, mortgage correspondent lender, and mortgage broker, if any, involved in the residential mortgage loan transaction;
4. copies of any disclosures or notification provided to the mortgagor required by state or federal law;
5. a copy of any bankruptcy plan approved in a proceeding filed by the mortgagor or a co-owner of the property subject to the residential mortgage loan;
6. a communications log which documents all verbal communication with the mortgagor or his or her representative; and
7. a copy of all notices sent to the mortgagor related to any foreclosure proceeding filed against the encumbered property.

The bill requires every mortgage servicer licensee and person exempt from licensure licensee to retain the records of each residential mortgage loan serviced for (1) at least two years following the final payment on each residential mortgage loan it services or the assignment of the loan, whichever occurs first, or (2) any longer period required by law.

The bill also requires every mortgage servicer licensee and person exempt from licensure to keep and use books, accounts, and records that will enable the commissioner to determine whether the mortgage servicer is complying with the provisions of the mortgage servicers' law.

EFFECTIVE DATE: October 1, 2014

§ 10 — Assignment and Disclosure Requirements

The bill requires a mortgage servicer who has assigned the servicing

rights on a residential mortgage loan, to disclose to the mortgagor (1) any notice required by the Real Estate Settlement Procedures Act of 1974 (12 USC § 2601 et seq.) and related regulations within the prescribed time periods and (2) a schedule of the ranges and categories of the servicer's costs and fees for servicing-related activities, which must comply with state and federal law and cannot exceed those reported to the commissioner if the servicer is a licensee.

EFFECTIVE DATE: January 1, 2015

§§ 11 & 12 — Standards of Conduct

Violation of Federal Law. The bill requires a mortgage servicer to comply with all applicable federal laws and regulations relating to mortgage loan servicing and allows the commissioner to, in addition to any other remedies provided by law, take enforcement action against any such a violation.

Limitations on Mortgage Servicer Fees. A mortgage servicer must maintain and keep current a schedule of the fees it charges mortgagors for servicing related activities. The schedule must (1) identify each fee, (2) provide a plain English explanation of it, and (3) state the fee amount or range of amounts or, if there is no standard fee, how the fee is calculated or determined. A mortgage servicer must make its schedule available to the mortgagor or the mortgagor's authorized representative on request.

The bill prohibits any late fee or delinquency charge when (1) the only delinquency is attributable to late fees or delinquency charges assessed on an earlier payment and (2) the payment is otherwise a full payment for the applicable period and is paid on its due date or within any applicable grace period.

It prohibits late charges (1) in excess of the past-due amount, (2) being collected from the escrow account or from escrow surplus without the approval of the mortgagor, or (3) being deducted from any regular payment.

EFFECTIVE DATE: January 1, 2015

§ 13 — Prohibited Practices

The bill prohibits a mortgage servicer from:

1. directly or indirectly employing any scheme, device, or artifice to defraud or mislead mortgagors or mortgagees or to defraud any person;
2. engaging in any unfair or deceptive practice toward any person or misrepresenting or omitting any material information in connection with servicing the residential mortgage loan;
3. obtaining property by fraud or misrepresentation;
4. knowingly misapplying or recklessly applying residential mortgage loan payments to the outstanding balance of a residential mortgage loan;
5. knowingly misapplying or recklessly applying payments to escrow accounts;
6. placing hazard, homeowner's, or flood insurance on the mortgaged property when the mortgage servicer knows or has reason to know that the mortgagor has an effective policy for such insurance;
7. failing to comply with a request for a payoff or reinstatement statement;
8. knowingly or recklessly providing inaccurate information to a credit bureau, causing harm to a mortgagor's creditworthiness;
9. failing to report both the favorable and unfavorable payment history of the mortgagor to a nationally recognized consumer credit bureau at least annually if the mortgage servicer regularly reports information to a credit bureau;

10. collecting payments for private mortgage insurance beyond the date when private mortgage insurance is required;
11. failing to issue a release of mortgage;
12. failing to provide written notice to a mortgagor upon taking action to place hazard, homeowner's, or flood insurance on the mortgaged property, including a clear and conspicuous statement of the procedures by which the mortgagor may demonstrate that he or she has the required insurance coverage and by which the mortgage servicer will terminate the insurance coverage placed by it and refund or cancel any insurance premiums and related fees paid by or charged to the mortgagor;
13. placing hazard, homeowner's, or flood insurance on mortgaged property, or requiring a mortgagor to obtain or maintain such insurance, that exceeds the replacement cost of the improvements on the mortgaged property as established by the property insurer;
14. failing to provide to the mortgagor a refund of unearned premiums paid by or charged to the mortgagor for hazard, homeowner's, or flood insurance placed by a mortgagee or the mortgage servicer if the mortgagor provides reasonable proof that the mortgagor has obtained coverage so that the forced placement insurance is no longer necessary and the property is insured (if the mortgagor provides reasonable proof that no lapse in coverage occurred, the mortgage servicer must promptly refund the entire premium);
15. requiring any amount of funds to be remitted by means more costly to the mortgagor than a bank or certified check or attorney's check from an attorney's account;
16. refusing to communicate with a mortgagor's authorized representative who provides a written authorization signed by the mortgagor (licensee is allowed to adopt procedures to verify

that the representative is authorized to act on behalf of the mortgagor);

17. conducting any business as a mortgage servicer without holding a valid license, or while assisting or aiding and abetting any person to conduct business without a valid license;
18. negligently making any false statement or knowingly and willfully omitting a material fact in connection with any information or reports filed with a governmental agency or the system, or in connection with any investigation conducted by the commissioner or another governmental agency; and
19. collecting, charging, attempting to collect or charge, or using or proposing any agreement purporting to collect or charge any fee prohibited by law.

EFFECTIVE DATE: January 1, 2015

§ 17 — Exemptions From Mortgage Servicer Requirements

The mortgage servicer requirements discussed above, do not apply to a person:

1. exempt from licensure as a mortgage lender or mortgage correspondent lender while servicing residential mortgage loans made under the exemption;
2. servicing five or fewer residential mortgage loans within any period of 12 consecutive months;
3. any agency of the federal government, state or municipal government, or quasi-governmental agency servicing residential mortgage loans as authorized under any state or federal law; and
4. exempt from licensure as a mortgage servicer under the bill (see § 4).

§§ 14, 16, & 19 — Investigation and Examination

The bill allows the commissioner to conduct investigations and examinations for purposes of initial licensing, license renewal, license suspension, license conditioning, license revocation or termination, or any general or specific inquiry or investigation to determine compliance with the law. He may also investigate violations or complaints as often as he considers necessary.

It requires the commissioner to have full access to any books, accounts, records, files, documents, information, or evidence relevant to the inquiry or investigation regardless of the location, possession, control, or custody of the documents, information, or evidence; and allows him to direct, subpoena, or order the attendance of and examine under oath any person whose testimony may be required or any books, accounts, records, files, or documents he deems relevant.

A licensee or anyone subject to this bill must make or compile reports or prepare other information as the commissioner directs.

The commissioner may (1) control access to any documents and records of the licensee or person under examination or investigation and (2) take possession of the documents and records or place a person in exclusive charge of the documents and records in the place where they are usually kept. The bill prohibits the removal or attempted removal of any of the documents and records during the control period, except by court order or with the commissioner's consent. The mortgage servicer licensee or owner of the documents and records must have access to the documents or records as needed to conduct ordinary business, unless the commissioner has reason to believe that the documents or records risk being altered or destroyed.

Under the bill, the commissioner may:

1. retain attorneys, accountants, or other professionals and specialists as examiners, auditors, or investigators to conduct or assist in conducting examinations or investigations;

2. enter into agreements or relationships with other government officials or regulatory associations to improve efficiencies and reduce the regulatory burden by sharing resources, standardized or uniform methods or procedures, and documents, records, information, or evidence obtained under its authority;
3. use, hire, contract, or employ public or privately available analytical systems, methods, or software to examine or investigate the mortgage servicer licensee;
4. accept and rely on examination or investigation reports made by other government officials, within or outside this state; and
5. accept audit reports made by an independent certified public accountant for the mortgage servicer licensee in the course of that part of the examination covering the same general subject as the audit, and incorporate the audit report in the commissioner's report of examination, report of investigation, or other writing.

A mortgage servicer licensee or person subject to investigation or examination under this bill cannot knowingly withhold, abstract, remove, mutilate, destroy, or conceal any books, records, computer records, or other information.

Licensees must pay the actual cost of any examination of the licensee, as determined by the commissioner. The commissioner may suspend the license for nonpayment after 60 days.

EFFECTIVE DATE: October 1, 2014

§ 15 — Enforcement

The commissioner may suspend, revoke, or refuse to renew any mortgage servicer license or take any other action (1) for any reason that would be sufficient grounds for him to deny an application for the license or (2) if he finds that the licensee, any control person of the licensee, the qualified individual or any branch manager with supervisory authority, or trustee, employee, or agent of such licensee

has:

1. made any material misstatement in the application;
2. committed any fraud or misrepresentation or misappropriated funds;
3. violated any of the provisions of the banking statutes or related regulations, or any other law or regulation applicable to the conduct of its business; or
4. failed to perform any agreement with a mortgagee or a mortgagor.

The commissioner may take any action allowed under state banking laws against any person whenever it appears to him that the person has violated, is violating, or is about to violate the law. By law, such actions include sending notice of a violation after holding an investigation, offering a hearing on the matter, civil penalties up to \$100,000 per violation, orders of restitution, and other actions.

The bill allows the commissioner to adopt implementing regulations.

EFFECTIVE DATE: October 1, 2014

§§ 18-20 & 23-24 — Conforming Changes

The bill makes numerous conforming changes to reflect the retitled term (mortgage servicer) and its revised definition.

EFFECTIVE DATE: October 1, 2014

§ 21 — MORTGAGE LENDER, MORTGAGE CORRESPONDENT LENDER, OR MORTGAGE BROKER LICENSURE EXCEPTIONS

The bill expands the banks and credit unions that are exempt from the mortgage lender, mortgage correspondent lender, or mortgage broker licensure requirements by extending the current exemption to certain of their wholly owned and operating subsidiaries. The bill also

limits the current exemption available to certain wholly owned and operating subsidiaries.

Under current law, any wholly owned subsidiary of a Connecticut bank or a Connecticut credit union is exempt from licensure. The bill limits this exemption to the wholly owned subsidiaries of federally insured Connecticut banks and Connecticut credit unions. The bill adds licensure exemption for any wholly owned subsidiary of any federally insured bank, out-of-state bank, federal credit union, and out-of-state credit union.

Under current law, any operating subsidiary of a federal bank or federally chartered out-of-state bank is exempt from licensure. The bill limits this exemption to the operating subsidiaries whose owners are wholly owned by the same such federal bank or federally chartered out-of-state bank. The bill adds licensure exemption for any operating subsidiary of any federally insured bank or credit union, if its owner is wholly owned by the same such bank or credit union.

EFFECTIVE DATE: October 1, 2014

§ 22 — DEBT NEGOTIATOR LICENSURE EXCEPTIONS

The bill expands the banks and credit unions that are exempt from the debt negotiator licensure requirements by extending the current exemption to certain of their wholly owned and operating subsidiaries.

Under current law, operating subsidiaries of federal banks and federally chartered out-of-state banks are subject to the debt negotiator licensure requirements. The bill exempts from licensure any operating subsidiary of any bank or credit union, if its owner is wholly owned by the same such bank or credit union. The bill also adds exemption for any wholly owned subsidiary of any federally insured bank, out-of-state bank, Connecticut credit union, federal credit union, and out-of-state credit union.

EFFECTIVE DATE: October 1, 2014

§ 25 — LOAN PRODUCTION OFFICES

By law, Connecticut banks, with the banking commissioner's approval, can establish loan production offices in and out of state. A "loan production office" is an office whose activities are limited to producing and soliciting loans.

Under the bill, a Connecticut bank that proposes to close a loan production office must notify the commissioner at least 30 days before the proposed closing date. The notice must include (1) a detailed statement of the reasons for the closing and (2) the statistical and other information supporting the reasons. The commissioner may require the Connecticut bank to submit any additional information.

The bill requires the Connecticut bank to provide notice of the proposed closing to its customers by posting a conspicuous notice, for at least the 30 days leading up to the proposed closing date, on the loan production office premises.

EFFECTIVE DATE: October 1, 2014

§ 26 — BUSINESS AND INDUSTRIAL DEVELOPMENT CORPORATION (BIDCO)

By law, an entity must receive a state license to operate as a BIDCO to participate under the loan guarantee programs of the federal Small Business Administration. The bill prohibits such a license from being transferred and assigned.

The bill also specifies that the \$400 license fee due from BIDCOs to the commissioner by June 20 each year, for the succeeding year, is a license renewal fee.

EFFECTIVE DATE: October 1, 2014

§ 27 — BANKERS' BANK

The bill allows banks and credit unions with principal offices in New Jersey or Pennsylvania to join a group of banks that owns a Connecticut-chartered bankers' bank and permits the bank to provide

services to them. Current law allows banks and credit unions in Connecticut, other New England states, and New York to join and receive services. A “bankers’ bank” is a wholesale bank that provides services only to the institutions that own it and their directors, officers, and employees. It does not engage in retail banking. Connecticut currently has one such bank, Bankers’ Bank Northeast.

EFFECTIVE DATE: Upon passage

§§ 28-33 & 35 — MORTGAGE LICENSING SYSTEM AND REGISTRY

The bill extends the banking commissioner’s authority to use the Nationwide Mortgage Licensing System and Registry, which he currently uses for mortgage industry licensing, for all financial services industry licensing and registration.

The bill authorizes the system to receive and maintain these licensing and registration records if the commissioner elects to use system-based licensing and registration for people engaged in the financial services industry. It provides the commissioner with additional authority to change requirements as reasonably necessary to enable expanded participation in the system.

The bill makes fees paid to the system nonrefundable, requires that filings be consistent with system procedures and requirements, requires applicants and licensees to timely and accurately submit any required reports, and allows someone to challenge the factual accuracy of information on the system.

The bill makes several conforming changes to apply existing provisions about the system to the new uses authorized by the bill.

It also makes technical and conforming changes.

EFFECTIVE DATE: Upon passage, except for the provisions extending the commissioner’s authority to use the system, which are effective October 1, 2014.

§§ 28-30 — System

Current law defines the term “system” used in mortgage industry licensing as the Nationwide Mortgage Licensing System and Registry developed and maintained by the Conference of State Bank Supervisors and the American Association of Residential Mortgage Regulators for the licensing and registration of mortgage lenders, mortgage correspondent lenders, mortgage brokers, mortgage loan originators and loan processors, or underwriters.

The bill allows the system’s use in licensing and registration in the financial services industries beyond the mortgage industry. It also specifies that the system (1) may be referred to as NMLS, NMLSR, or any other name or acronym as may be assigned and (2) is owned and operated by the State Regulatory Registry LLC, or any successor or affiliated entity.

§§ 33 & 35 — Commissioner’s Authority to Use the System in Licensure

Authority to Require System-Based Licensure. Under current law, the commissioner may require persons engaged in the mortgage industry to be licensed or registered through the system.

The bill authorizes the commissioner to require anyone engaged in a financial services industry subject to the commissioner’s jurisdiction to be licensed or registered through the system. It prohibits a person from making false statements or omissions of material fact in connection with information reported with the system.

System-Based Licensure. Under the bill, the commissioner must require all initial or renewal applications for a license or registration in Connecticut, on forms prescribed by him, to be made and processed through the system if he elects to require system-based licensure. If he does, the system must be authorized to receive and maintain records on the licenses or registrations to the same extent allowed or required to be maintained by the commissioner.

The commissioner may, by order, establish requirements for

participation in the system, including:

1. background checks, including criminal history checks for owners or managers of business organizations;
2. payment of license application or renewal or registration fees through the system;
3. setting or resetting of license expiration, renewal, or transition dates, reporting dates, or forms; and
4. requirements for amending or surrendering a license or any other activities as the commissioner deems necessary for participation in the system.

The bill specifies that background checks include:

1. fingerprint submission to the FBI or other state, national, or international database;
2. civil, criminal, or administrative records from any government jurisdiction;
3. credit history; and
4. any other activities the commissioner deems necessary.

The commissioner may use the information collected to determine the applicant's eligibility for licensing under applicable law and any order he issues under the system-based licensure system. The commissioner may, by order, waive or modify, in whole or in part, any applicable requirement of the banking statutes and establish new requirements to participate in the system, as reasonably necessary. He may adopt licensing regulations and interim procedures for licensing and acceptance of applications.

Commissioner's Report to the System. If the commissioner elects to require system-based licensure for persons engaged in a

financial services industry, he may report regularly to the system any (1) violation of an enforcement action under applicable law and (2) other relevant information.

The commissioner may establish a relationship or enter into a contract with the system or any other entity the system designates. He may also collect and maintain records and process transaction fees or other fees related to licensees or others required or permitted to be licensed or registered on the system.

Channeling Information Through the System. The bill allows the commissioner to use the system as a channeling agent for requesting information from, and distributing information to, the U.S. Department of Justice, any government agency, and any other source he directs.

Challenging Information Entered into the System. Under the bill, any person required or permitted to be licensed or registered on the system may challenge information the commissioner enters into it. The bill requires any such challenges to (1) be made in writing to the commissioner, (2) identify the specific information being challenged, and (3) include any evidence that supports the challenge. Challenges must be limited to the factual accuracy of information within the system.

The bill requires the commissioner to take prompt action to correct information that he determines is factually inaccurate. It does not permit challenges to the merits or factual basis of any administrative action taken by the commissioner under the banking statutes.

System Policies and Procedures. Anyone filing or submitting any information to the system must follow its procedures and requirements and pay any applicable fees or charges to the system.

Each person required to obtain registration or licensure through the system must timely submit accurate reports to it, in the form and with the information it requires.

Fees. Under the bill, any fee paid for an initial or renewal application for a license or registration, including fees paid in connection with an application that is denied or withdrawn before the issuance of the license or registration, is nonrefundable. Fees cannot be prorated if a license or registration is surrendered, revoked, or suspended before it expires.

Automatic Suspension. The bill allows the commissioner to automatically suspend the license or registration of a person if the system indicates that a required payment was not accepted. It requires the commissioner to (1) give the licensee or registrant notice of the suspension or pending proceedings for revocation or refusal to renew, and an opportunity for a hearing on the action and (2) require the licensee to take or refrain from taking action, as specified by the commissioner.

Abandoned License and Registration Application. Under the bill, the commissioner may deem an application for a license or registration on the system abandoned if the applicant fails to respond to any request for required information. He must notify the applicant, on the system, that if the information is not submitted within 60 days from the date of the request, the application will be deemed abandoned and the application filing fee will not be refunded.

Abandonment of an application does not preclude the applicant from submitting a new application.

License or Registration Issued in Error. The commissioner may issue a temporary order to cease business under a license or registration if he determines that it was issued in error. He must give the licensee an opportunity for a hearing. The temporary order is effective when the licensee receives it and, unless set aside or modified by a court, remains in effect until the effective date of a permanent order or dismissal of the matters asserted in the notice.

§ 31 — Confidential or Privileged Information

Under current law, information or material disclosed to or on the system that is protected by state and federal privacy or confidentiality privilege must retain the protections. The bill extends the confidentiality provisions to the new uses of the system related to financial services industry licenses and registration and allows sharing with federal and other state financial industry regulators.

§ 32 — System-Based License Surrenders

Under current law, financial services licensees may surrender a license to the commissioner in person or by registered or certified mail. For mortgage industry licenses issued through the system, surrenders must be initiated by filing a request on the system. The bill extends current law on surrendering a license through the system to the financial services industry licensees using the system.

§ 34 — ATTORNEY EXEMPTION FROM MORTGAGE LOAN ORIGINATOR LICENSURE

The bill narrows the scope of the exemption for certain attorneys from mortgage loan originator licensure to those licensed in Connecticut. The exemption applies to attorneys who negotiate the terms of a residential mortgage loan on behalf of a client as an ancillary matter to the attorney's representation of the client, unless the attorney is compensated by a mortgage lender, mortgage correspondent lender, mortgage broker, other mortgage loan originator, or one of their agents.

EFFECTIVE DATE: October 1, 2014

§ 36 — LICENSEES' EDUCATION REQUIREMENTS

The bill increases licensing education and testing requirements for a mortgage lenders, mortgage correspondent lenders, and mortgage brokers from 20 to 21 hours of approved instruction, by adding one hour in relevant Connecticut law. The bill also requires one hour of approved instruction in relevant Connecticut law but does not increase the eight hours total required for continuing education.

The prelicensing education requirement is effective October 1, 2014 and the continuing education requirement on October 1, 2015. Under existing law, unchanged by the bill, prelicensing and continuing education courses must be reviewed and approved by the system based on reasonable standards.

EFFECTIVE DATE: October 1, 2014

§§ 37, 38, & 46 — FORECLOSURE MEDIATION PROGRAM

Program Extension and Funding

The bill extends the state's foreclosure mediation program for two years, until July 1, 2016. The bill also requires that, until June 30, 2016, the program must be funded within available appropriations. Under the bill, the size of the program must be determined by the availability of funding and the number and need of program participants.

The state's foreclosure mediation program determines whether parties can reach an agreement that will avoid foreclosure. The program uses the judicial branch's foreclosure mediators to conduct mediation sessions in a statutorily prescribed timeframe. Under existing law, the program will sunset on July 1, 2014.

Premediation Review Protocol

By law, the state foreclosure mediation program includes a pre-mediation process during which a mediation information form is used to instruct the mortgagor to gather and submit to the mediator financial documentation commonly used in foreclosure mediation.

The bill requires the chief court administrator to develop a premediation review protocol under which the mediator must request the resubmission of any documents that are incomplete, contain errors, or are likely to be unacceptable to the mortgagee. The bill specifies that the premediation review must not be construed to be the practice of law on behalf of any party to mediation or the provision of legal advice by the mediator.

EFFECTIVE DATE: Upon passage, with the provision on the

program funding effective July, 1 2014.

§ 39 — DISHONORED PAYMENT OF COLLECTION AGENCY LICENSING FEES

Current law requires the banking commissioner to automatically suspend a consumer collection agency's initial or renewed license due to a dishonored payment of licensing fees, but has an outdated reference to the appropriate fees that agencies must pay. The bill appears to limit this provision to dishonored payments of the initial licensing fee.

EFFECTIVE DATE: Upon passage

§ 40 — PROTECTED AGREEMENTS AND ENTITY TRANSACTIONS

The law, beginning on January 1, 2014, established a mechanism for specified business entities to change their entity type through mergers, conversions, and interest exchanges ("entity transactions"). Current law protects certain types of agreements that were in effect on or after October 1, 2011. The bill instead applies to agreements in effect on or after January 1, 2014, the date the entity transaction provisions took effect.

By law, a protected agreement is:

1. a record evidencing indebtedness and related agreements,
2. an agreement binding on one entity,
3. an entity's organic rules, or
4. an agreement binding on an entity's governors or interest holders.

By law, a provision in a protected agreement applicable to a merger can also apply to other entity transactions.

EFFECTIVE DATE: Upon passage

§ 50 — COMMISSION ON CONNECTICUT'S LEADERSHIP IN CORPORATION AND BUSINESS LAW

The bill creates a 17-member Commission on Connecticut's Leadership in Corporation and Business Law, within the Legislative Branch.

Members

Under the bill, the commission consists of:

1. the Connecticut Bar Association business law section chairperson;
2. the economic and community development commissioner or her designee;
3. the chief court administrator or his designee;
4. the chairpersons of the Banks, Commerce, and Judiciary committees, or their designees chosen from among the appropriate committee's membership;
5. one member appointed by each of the six legislative leaders; and
6. two members appointed by the governor.

Members choose the commission's chairperson from among the members. The commission meets as necessary.

Charge

The commission must develop and recommend policies to:

1. establish Connecticut as a leading and highly desirable location to organize a business entity (a corporation, association, partnership, limited liability company, or similar organization) and adjudicate corporate and business law matters and
2. attract and encourage business entities to organize under Connecticut law and have their headquarters and significant

business operations here.

It must submit a 10-year action plan to the legislature by October 1, 2015. The bill requires the commission to develop and recommend policies to achieve these purposes:

1. enhancing and improving Connecticut's corporation statutes;
2. establishing a court docket with exclusive jurisdiction over business entity organization, shareholders, securities, and business combinations or transactions involving the sale or transfer of ownership interests; and
3. assisting the secretary of the state in developing best-in-the-nation business services and support, including a state-of-the-art business entity organization and filing system with accelerated access to business services 24 hours a day.

The commission must also examine the impact of statutes and the common law in Connecticut, Delaware, New York, and other states on organizing business entities and retaining them in Connecticut. It must recommend legislation and administrative and policy changes to the governor and legislature. To do so, the commission must examine the impact of:

1. Connecticut's business corporation laws;
2. state business taxes, including the franchise and corporation business taxes;
3. Judicial Branch operations on business entity organization including court rules, the complex litigation docket, and the branch's composition;
4. the Secretary of the State's Office and the state's procedures for business entity organization and filing, including electronic and accelerated capabilities; and

5. Delaware's corporate law, Chancery Court, and statutory and administrative provisions on (a) Delaware's economy and economic development and (b) adjudication of corporate and business disputes in Connecticut courts; and
6. New York's corporation law, Supreme Court's commercial division, and other statutory and administrative provisions on (a) New York's economy and economic development and (b) adjudication of corporate and business disputes in Connecticut courts.

EFFECTIVE DATE: October 1, 2014

§ 51 — REVERSE MORTGAGE TASK FORCE

The bill establishes a task force to study the reverse mortgage industry. The study must examine:

1. statewide best practices of the reverse mortgage industry, including consumer protection practices;
2. existing federal regulations and any proposed new or revised federal regulations governing consumer protection requirements in the context of reverse mortgage transactions; and
3. any federal or state court decisions that impact the reverse mortgage industry and reverse mortgage transactions in the state.

Task Force Members and Appointments

Under the bill, the six-member task force includes:

1. one member appointed by the Senate president pro tempore, who must be a representative from a nonprofit, nonpartisan organization that provides information, support, security, protection, and empowerment to older people;
2. one member appointed by the Senate majority leader, who must be a Department of Consumer Protection representative;

3. one member appointed by the Senate minority leader who must be a Senate member;
4. one member appointed by the House speaker, who must be a House member;
5. one member appointed by the House majority leader, who must have expertise in the reverse mortgage industry; and
6. one member appointed by the House minority leader, who must be a Commission on Aging representative.

All appointments must be made within 30 days after the bill's passage and any vacancies must be filled by the appointing authority.

The House speaker and Senate president pro tempore must select the task force chairpersons from among the members. The chairpersons must schedule and hold the first meeting within 60 days after the bill's passage. The Banks Committee's administrative staff must serve as the task force's administrative staff.

Reporting Requirement and Termination

The task force must report its findings and recommendations to the Banks and Aging Committees by January 1, 2015. It terminates when it submits the report or on January 1, 2015, whichever is later.

EFFECTIVE DATE: Upon passage

BACKGROUND

Related Bill

sSB 283 (File 379), favorably reported by the Banks Committee, among other things, (1) expands the licensure and bond requirements for businesses that make residential mortgage loans or act as mortgage lenders, mortgage correspondent lenders, or mortgage brokers that engage the services of a mortgage loan originator to act on their behalf; (2) expands the licensure requirements for debt negotiators who are also mortgage loan originators; and (3) requires a mortgagee to

provide a certificate of good standing to a mortgagor who has completed the foreclosure mediation program, if specified conditions are met.

HB 5483 (File 99), favorably reported by the Housing Committee, extends the foreclosure mediation program by four years, until July 1, 2018. It also adds the Housing Committee to the required recipients of two reports the Judicial Branch's chief court administrator must submit concerning the foreclosure mediation program.

COMMITTEE ACTION

Banks Committee

Joint Favorable Substitute

Yea 17 Nay 0 (03/18/2014)

Appropriations Committee

Joint Favorable

Yea 49 Nay 1 (04/22/2014)